

Global Newspaper  
Printed Simultaneously  
Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague and Marseille

# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

31,747

PARIS, SATURDAY-SUNDAY, MARCH 16-17, 1985

ESTABLISHED 1887

## Neves III; Replaced by Aide

Brazil Installs New President in Interim Move

By Jackson Diehl  
Washington Post Service

SILVIA — Vice President Sarney inaugurated Brazil's civilian government here Friday. President-elect Tancredino Sarney, who had been in a coma since a heart operation, was taken to a hospital in a simple ceremony.

Sarney, elected with Mr. Neves, took the oath of office as president in a simple ceremony in the nation's Congress. Un-Neves' Constitution, he was sworn in as president Friday when Mr. Neves' term expired.

Neves, 75, was prevented from taking office by a constitutional requirement that he be in good health. He was reported to be recovering satisfactorily Friday at a Brazilian hospital.

Government officials said that Neves was able to leave the hospital. His doctors estimated he was able to return to work in 15 days.

Neves was rushed to hospital at 10 P.M. Thursday after suffering from severe abdominal pain, according to official accounts. His condition, originally reported to be a heart ailment, was later determined to be a disorder of the intestine.

Sarney presided over the inauguration of the new cabinet as a reception for foreign dignitaries at the Foreign Ministry.

Speeches planned for Neves were canceled, with other events including a ceremony in which General Figueiredo was to have transferred residence to the presidential palace.

Thousands of people poured into the streets to cheer the return of the military rule after 21 years of civilian government.

Sarney, 54, a lawyer and a writer, served as a senator under military rule and was president of the military-backed Social Democratic Party from 1980 until last July. He was named as Mr. Neves' running mate after joining a group of party leaders who formed an alliance.

Mr. Neves' opposition Brazilian Democratic Movement Party, which is first challenge to Sarney, Alan Riding of The New York Times reported from Brasilia: "Neves' new government faces an uphill task of imposing popular austerity measures to combat an acute economic crisis."

The incoming government's chief challenge lies in the economic recession that has hit Brazil. Mr. Neves has defined his mission as "the very difficult" task of simultaneously fighting inflation and recovering traditional sources of economic growth.

At senior aides to Mr. Neves conceded that prolongation of the recession is the price to be paid for preventing inflation from rising above the rate of 230 percent that it reached last year.

He has the backing of widely respected political forces. Opinion polls indicated that 80 percent of the public supported his election. He has struggled to form a cabinet.

Continued on Page 2, Col. 6



José Sarney raises his hand on Friday as he takes the oath of office in Brasilia, becoming Brazil's new vice president.

## Donovan Quits as Court Refuses to Drop Charges

The Associated Press

WASHINGTON — Labor Secretary Raymond J. Donovan resigned Friday after a New York judge refused to dismiss charges of fraud and larceny against him.

President Ronald Reagan accepted the resignation "with deep regret," saying that Mr. Donovan was "entitled to the benefit of a presumption of innocence," a White House announcement said.

Mr. Donovan, the first sitting U.S. cabinet member to be indicted, continued to insist on his innocence on Friday. In a statement issued by his lawyers, he said, "I have not violated any law and I am confident that a jury will find me not guilty after hearing all the evidence."

On Oct. 1, Mr. Donovan was named in a 137-count indictment issued by a grand jury in New York City charging him with larceny and fraud. He has been on unpaid leave since then.

"The evidence in this case, if proved and believed, demonstrates a carefully contrived scheme to steal property," said New York state Supreme Court Judge John P. Collins, in refusing the secretary's request to dismiss the charges. "There is no justification warranting this court to dismiss the indictment in the interests of justice."

Speculation about Mr. Donovan's successor, according to another administration source, centered on former Representative John E. Fogarty, an Illinois Republican. Key McCarthy, director of the Federal Bureau of Investigation, and James Miller, head of the Federal Trade Commission. Since Mr. Donovan's indictment, the Labor Department

has been run by Undersecretary Ford B. Ford.

Mr. Donovan has denied any knowledge of a subcontract that is at the heart of the charges against him. The subcontract was entered into while Mr. Donovan was executive vice president of Schiavone Construction Co. of Secaucus, New Jersey.

The indictment accused Mr. Donovan and nine other defendants of using a phony equipment leasing arrangement to circumvent rules requiring contractors receiving federal funds to give some of their work to minority-owned companies. Prosecutors say the plan defrauded New York City's Transit Authority of \$7.4 million.

In urging Judge Collins to dismiss the indictment, defense lawyers accused prosecutors of misleading the grand jury with incomplete or tainted evidence.

The indictment, which includes one count of second-degree larceny and 136 counts of producing and filing false documents, was the latest in a series of legal battles that have dogged Mr. Donovan.

"At his Senate confirmation hearing in January 1981, Mr. Donovan was questioned intensively about allegations that Schiavone paid people for no-show jobs. He was the last of Mr. Reagan's choices to be confirmed, winning approval on an 80-17 vote.

## Belgium to Deploy Cruise Missiles; U.K. Publicly Questions Space Arms

Howe Calls Reagan Plan 'Complex and Difficult'

By R.W. Apple Jr.  
New York Times Service

LONDON — The British government raised serious questions Friday about the technical practicability and the strategic desirability of President Ronald Reagan's proposed system of missile defense in space.

Sir Geoffrey Howe, the foreign secretary, asked in a speech at the Royal United Services Institute, a military study group, whether the system envisioned in the president's Strategic Defense Initiative could be put in operation "without generating dangerous uncertainty." He described that as but one of the "complex and difficult questions" raised by the project.

While paying tribute to what he called "the enormous technological expertise and potential of the United States," Sir Geoffrey asserted that "there would be no advantage in creating a new Maginot Line of the 21st century, liable to be outflanked by relatively simpler and demonstrably cheaper countermeasures." The Maginot Line of fortifications was built before World War II by the French but proved almost useless when the Germans swept

around its northern end into the heart of France.

"We must make sure we are not developing what might prove to be only a limited defense against weapons of devastating destructive force," the foreign secretary said in a speech described by his office as a major statement and viewed by diplomats here as a complicating factor in the strategic relationship between Washington and London.

"We must be especially on our guard against raising hopes that it may be impossible to fulfill," he told his London audience.

Sir Geoffrey reiterated the main points agreed to by Prime Minister Margaret Thatcher and Mr. Reagan at their meeting before Christmas — that research should proceed but that deployment would be subject to East-West negotiation. But his tone was more cautious than that of Mrs. Thatcher's speech in Washington earlier this month, which was widely interpreted in the United States as offering almost unqualified backing to Mr. Reagan's initiative.

Doubts have been expressed about the project in most Western European countries since Mr. Reagan (Continued on Page 2, Col. 4)



Wilfried Martens after the cabinet discussed the missiles.

## Installation Set to Begin Immediately

By Richard Bernstein  
New York Times Service

BRUSSELS — The Belgian government, ending months of uncertainty, formally announced Friday that it would go ahead with deployment of medium-range nuclear missiles on its soil.

Prime Minister Wilfried Martens, often speaking above the jeers of members of the opposition, announced the decision to a special session of the Parliament on Friday afternoon. The decision to deploy the missiles was made at a cabinet meeting late Thursday night.

"The missiles can be put in any time now," a spokesman for Mr. Martens said. "It's up to the technical people."

With the announcement Friday, Belgium became the fourth country in Western Europe — after Britain, West Germany and Italy — to proceed with the deployment of cruise and Pershing-2 missiles envisaged by NATO to replace Soviet SS-20 missiles aimed at Western Europe. A total of 572 are to be deployed by the U.S. allies.

A fifth country, the Netherlands, has said it will make a final decision about deployment of its share of 48 cruise missiles on Nov. 1.

(The Dutch defense minister, Jacob de Ruiter, said Friday that the Belgian announcement would not affect his government's decision, according to Reuters.)

[Mr. de Ruiter, in Stockholm to address the Conference on Security and Disarmament in Europe, said: "We are proceeding according to our own criteria as laid down in June 1984."

The Dutch government announced last June that it would go ahead with deployment of its full quota of missiles if Moscow continued its buildup of SS-20 missiles, but it put off a final decision until November 1985 and dropped a commitment to begin deployment in 1986.]

The Belgian decision was for an initial deployment of 16 of 45 ground-launched cruise missiles that Belgium agreed to accept on its territory as part of the overall NATO buildup. The missiles will be installed at a Belgian Air Force base at Florennes, about 50 miles (80 kilometers) south of Brussels, near the French border.

The deployment was a major political move for Mr. Martens, who heads a center-right, four-party coalition government. The decision had been postponed several times in recent weeks.

With leftist opposition parties opposed to deployment and likely to make it the central issue of parliamentary elections to be held by mid-December, a faction within Mr. Martens' own party argued that immediate deployment could cost the government its slim six-seat majority. The group favored postponing deployment to see whether the newly resumed U.S.-Soviet arms talks would produce some results.

Mr. Martens told the parliament on Friday that "postponement of the initial deployment of the missiles in our country would weaken the credibility and the cohesion of the alliance and would thereby put into question the negotiations themselves."

He drew a chorus of cheers and (Continued on Page 2, Col. 2)

## Economy Is Big Hurdle for Gorbachev

Radical Steps to Counter Soviet Malaise Not Expected

By Serge Schmemmann  
New York Times Service

MOSCOW — Mikhail S. Gorbachev, the new Soviet leader, has come to power pledging to rouse the Soviet economy from its stupor. That stupor, however, has resisted assaults over the last 40 years, and Western diplomats say they are skeptical that, for all his youth and apparent energy, Mr. Gorbachev will be able or ready to take the radical steps required.

The task is a daunting one, as the Western visitor to the Soviet Union quickly sees. Long lines form for consumer goods that would be scorned in Western shops. By American standards the telephone service is rudimentary, banking is all but unknown, roads are few and poor, offices are ill-equipped and officials inaccessible.

The centralized pricing system is so awkward that meat costing the state \$4 a pound (\$54 grams) to produce sells for 80 cents a pound. Spare parts are all but impossible to find; pricing policy is that spare parts must cost the same as parts actually installed in manufactured equip-

ment, making it entirely uneconomical to maintain stocks around the country.

Inefficiency is glaring, as are absenteeism, drunkenness and sloth. When contracting with Western suppliers to bring in heavy machinery, the Russians have taken to having Westerners build the housing "yes," so the expensive imports would not rust in the open while Soviet workers got around to finishing enclosures.

An Austrian company that built a steel mill near Zhitomir in Belorussia brought in Yugoslav and Austrian laborers, and built everything down to workers' barracks. The problems are no longer an official secret in the Soviet Union. Newspapers are filled daily with stories of corruption, inefficiency, incompetence and mismanagement. Prominent economists debate openly about measures to revive economic growth.

But solutions, almost 70 years after the founding of the world's first socialist state, remain elusive — and politically risky. The party chairman, Nikita S. Khrushchev, was forced out in 1964 in some part because of his meddling with the machinery of central economic control, and Prime Minister Alexei N. Kosygin's milder moves toward change in 1965 were quickly defanged.

Mr. Gorbachev has been identified as the protégé of Yuri V. Andropov, the longtime chief of the K.G.B., the Soviet secret police and intelligence agency, who came to the chairmanship in November 1982 determined to assault the economy's inefficiency and sloth.

He intensified the agricultural reorganization that started under his predecessor, Leonid I. Brezhnev, shifting from salaries for farm work to a "brigade method," under which teams of workers were paid in part for contracted tasks, and shifting some of the decision-making to regional agricultural-industrial councils.

In industry, Mr. Andropov began an experiment in five ministries to give managers more autonomy and to reward higher productivity. He cracked down on corruption and sent policemen into the streets to scare truant workers back to their jobs.

Under Konstantin U. Chernenko, the "industrial experiment" was expanded to 2,300 enterprises, responsible for 12 percent of total industrial production, and the campaign against corruption shared a few more senior officials.

Yet results have not been dramatic. The government newspaper Izvestia recently complained that ministry officials have been slow to relinquish petty tangle of enterprises. And Abel G. Aganbegyan, a prominent Siberian economist, acknowledged that "there has (Continued on Page 2, Col. 1)

## Moscow Said To Pressure Pakistan on Afghanistan

By Dusko Doder  
Washington Post Service

MOSCOW — It was reported in well-informed circles here Friday that Moscow was considering unspecified actions against Pakistan if President Ronald Reagan continues U.S. military pressure on Nicaragua.

The reports followed Moscow's sternest warning to date to President Zia ul-Haq's regime for its support of Afghan rebels.

Signals that Moscow considers linking the question of Nicaragua to Pakistan's policy toward Afghanistan appeared designed to give implicitly a new twist to both problems.

It was not clear whether the Russians held any prospects of possible trade-offs, although they suggested that Mikhail S. Gorbachev, the new Soviet leader, seemed determined to seek a solution of the Afghan issue.

Mr. Gorbachev's warning came Thursday during his meeting with General Zia and Pakistan's foreign minister, Shahbaz Yaqub Khan, who were in Moscow for the funeral of President Konstantin U. Chernenko.

A report on the meeting by Tass, the official Soviet news agency, included extraordinarily harsh language. It said that Mr. Gorbachev and Foreign Minister Andrei A. Gromyko, who also attended the meeting, gave "a frank, principled assessment of the policy conducted" by General Zia's government.

It said that "aggressive actions" against Afghanistan, a Soviet ally whose government is maintained (Continued on Page 2, Col. 7)

## Blast Kills 6 At Prayers In Tehran

Reuters

TEHRAN — A bomb went off Friday among thousands of worshippers at a Tehran University prayer meeting, killing six persons, including the bomber, the official Iranian news agency IRNA reported.

President Ali Khamenei, who was addressing the gathering, escaped injury.

The agency said a man carrying a homemade bomb around his waist was blown up shortly after noon local time, killing himself and five others. Ten more persons were injured in the blast.

As is usual in Iran, Mr. Khamenei's sermon was being broadcast live on Tehran radio and listeners clearly heard the blast, followed by chants of "God is great" from the worshippers.

Shortly after the explosion, Mr. Khamenei calmly resumed his sermon. He blamed the Paris-based opposition group known as the Mujahidin for the bomb.

[Separately, Iraq said its warplanes raided Tehran and the provincial capital of Qazvin on Friday night after a day of its most concentrated air strikes of the Gulf war, Reuters reported from Baghdad.

## China and Soviet Exchange Greetings

By Daniel Southerland  
Washington Post Service

BEIJING — The Communist parties of China and the Soviet Union have exchanged greetings for the first time in more than two decades, it was disclosed here.

With this simple exchange, and other gestures by the Chinese, China has moved to lower a barrier that has divided the two countries since a bitter ideological dispute in the late 1950s, diplomats here said Thursday.

First, Hu Yaobang, general secretary of the Chinese Communist Party, congratulated the new general secretary of the Soviet Communist Party, Mikhail S. Gorbachev.

On Thursday, according to the Xinhuas news agency, Mr. Gorbachev responded by conveying his regards to Mr. Hu in a meeting with a Chinese vice prime minister, Li Peng. Mr. Li headed the Chinese delegation to the funeral of Konstantin U. Chernenko.

Whatever else it might mean, a renewal of party ties would be of great symbolic importance for the two nations, experts say. It would hold the potential of moving them beyond the re-emergence of trade, economic, cultural and scientific exchanges that have taken place in the past two years.

Xinhua, in a dispatch from Moscow, said that Mr. Gorbachev reaffirmed the Soviet Union's desire to improve Chinese-Soviet relations in his meeting with Mr. Li.

He reportedly told the Chinese emissary that the Soviet Union and China should continue their dialogue and make progress in a wider range of areas.

None of this means a return to the old alliance between the two Communist giants, diplomats say. Nor does it seem to mean elimination of three obstacles that the Chinese have said hindered the normalization of relations. They include the stationing of Soviet troops along the Chinese border and in Mongolia, the presence of Soviet troops in Afghanistan and Soviet support for Vietnam's occupation of Cambodia.

But diplomats argue that, despite the existence of those obstacles, the Russians and the Chinese are now clearly in the process of improving relations.

The Chinese apparently perceive less of a direct Soviet threat than they once did. Improved relations

with the Soviet Union also might further their independent foreign policy image while not automatically damaging their relations with the United States and other Western nations.

Here are some of the signals from the Chinese side that diplomats said pointed to an improvement in relations:

• Beijing's messages of condolence and praise for Mr. Chernenko seem to be warmer than those sent last year when his predecessor, Yuri V. Andropov, died.

• The Chinese press has given much more extensive and factual coverage to the Chernenko funeral and other related events than it did to the Andropov funeral.

• Mr. Li has stressed the benefits to be gained from an improvement in Chinese-Soviet relations. According to the Chinese news agency, Mr. Li told the Chinese Embassy staff in Moscow on Thursday that such an improvement in relations is in the interest not only of the two nations, but also of peace in the Far East and in the world.

• On at least four occasions in recent days, the Chinese have congratulated Mr. Gorbachev on his rise to the post of general secretary of the Soviet Communist Party.

Despite all this, some diplomats still doubt that the improved atmosphere will lead to a renewal of party-to-party ties. But the obstacles to establishing ties no longer seem as formidable as they once did.

■ Shake-Up at Bank of China  
Jun Ziqin, president of the Bank of China, has been relieved of his position, it was reported Friday in Beijing. "First Vice President Zhao Bingde took over Mr. Jun's responsibilities at the end of last month," a bank spokesman told Agence France-Press. He declined to give a reason.

The Bank of China is the country's leading financial institution and is responsible for virtually all of Beijing's foreign exchange business.

## Lean Times Come to Embassy Row

By Maureen Dowd  
New York Times Service

WASHINGTON — This is not an international story. "We're not yet at the point," one West German academic said wryly, "where we're all sleeping on grates outside the State Department."

But these are trying times, nonetheless, for Washington's large foreign community. From ambassadors to Embassy Row janitors, from foreign correspondents to foreign exchange students, talk is of cutting expenses and recasting consumer habits as the robust dollar continues to drain away the buying power of other currencies.

"We have less money in our pockets and it does make life more difficult," said Luis Amorim de Sousa, a counselor at the Portuguese Embassy. "When I have dinner parties at my home, instead of pheasant, I serve Cornish chicken."

Countess Ulla Wachtmeister, the wife of the Swedish ambassador and one of the city's top hostesses, says that as the Swedish krona has lost value against the dollar she has learned to "simplify."

"I cut my own branches from my garden that don't cost anything to decorate at dinner parties," she said. "We try to organize ourselves to have less help. I go to upholstery stores and can find leftovers of beautiful chintz that I can sew into a ball dress for \$20. I wash my hair at home instead of going to shops."

"We try to cope and we hope one day the dollar goes down," she said. "Meanwhile we have fun being creative."

While it is merely a matter of creative juggling for the top diplomats, it is a more serious problem of credit stretching for the lower-level staff members. And the amenities that once made Washington the cushiest, as well

### The Cost of a \$50 Washington Dinner for Two

March 1984	March 1985
\$86.84	French franc 511.50
129.48	German mark 187.85
11,219.25	Japanese yen 13,010.00
34.25	British pound 44.95

Calculations are based on the assumption that the cost of the dinner in U.S. currency remained the same.

The New York Times

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While it is merely a matter of creative juggling for the top diplomats, it is a more serious problem of credit stretching for the lower-level staff members. And the amenities that once made Washington the cushiest, as well

as the most glamorous, of foreign postings have disappeared for many who are paid in their own currency.

"We don't do anything any more except paying rent and paying food," said Marie-Thérèse Lawen, an employee in the visa section at the French Embassy. "Movies, Kennedy Center, trips to New York — all these things which make life nice here we've had to cut out."

Although there are provisions in employment contracts to adjust for fluctuations in the exchange rates, there is a time lag of three to six months that leaves some staff workers in financial (Continued on Page 3, Col. 3)

### INSIDE

Clashes erupted in Christian Beirut as rival militias fought for control of strategic positions. Page 2.

The Budget Committee of the U.S. Senate, dividing along party lines, approved a \$966.1-billion budget. Page 3.

RTS/LEISURE  
Despite inflation in Old Mass drawings, bargains are available for the knowledgeable. Karen Melikian. Page 4.

USINESS/FINANCE  
Ohio ordered 70 state-chartered savings and loan associations closed for three days to shut a run on them. Page 7.

U.S. wholesale prices fell 0.1 percent in February while industrial production dropped 0.5 percent that month. Page 7.

### MONDAY

Portraits of Tito, dead almost 10 years, hang on Belgrade office walls. "I like it better to see the picture and not succeed," says a student, reflecting a attitude in Yugoslavia today.



# Gromyko: No. 2 in Moscow?

Western Analysts Differ on His Role in Soviet Hierarchy

By Hedrick Smith  
New York Times Service

WASHINGTON — U.S. specialists are struck by the unusually prominent role of Foreign Minister Andrei A. Gromyko in the shift of the Soviet Communist Party leadership, and some say they now regard him as the second most powerful figure in the Soviet hierarchy.

The 75-year-old Soviet diplomat was given the politically significant and prestigious assignment of nominating Mikhail S. Gorbachev as the new Soviet leader on Monday. Normally that task goes to a defeated rival for the party leadership or to the second-ranking figure in the Soviet hierarchy. In other words, too, Mr. Gromyko has ranked high in Kremlin protocol lately.

Prime Minister Nikolai A. Tikhonov ranks second in Soviet protocol and a year ago nominated Konstantin U. Chernenko for the top party position. The fact that Mr. Tikhonov was passed over this time for the nominating role is seen by some U.S. officials as evidence that he may be moved out in the coming months as Mr. Gorbachev seeks to rejuvenate the leadership.

But some analysts offer another interpretation. They contend that there is circumstantial evidence that Mr. Gromyko, emerging as the point man for the old guard of leaders in their 70s, had opposed passing the job to a younger man like Mr. Gorbachev at this stage. By this logic, he was tapped to give the nominating speech to make it clear that the old guard endorsed the new leader.

There are recent precedents for using the nominating process to demonstrate that the leadership has closed ranks after internal differences. For example, in November 1982, Yuri V. Andropov was nominated by Mr. Chernenko, who had been his chief rival for the top party post and who subsequently ranked second in the party hierarchy.

Until it becomes clear how many of the top state and party posts Mr.



Andrei A. Gromyko

Gorbachev will personally control, U.S. analysts say they cannot be certain which way to interpret the latest developments.

Nonetheless, those in both schools of thought agree that for the time being Mr. Gorbachev appears to be the second most powerful figure in the Soviet system and that in foreign policy, at least, Mr. Gorbachev appears to be deferring to him.

Some U.S. government and academic specialists read these recent developments as indications that Mr. Gromyko may even be in line to become the Soviet president, a post left vacant by the death of Mr. Chernenko, who is nearly 80, as prime minister.

Such academic specialists as Jerry F. Hough, professor of political science at Duke University, contend that Mr. Gorbachev's acceptance speech, placing stress on Soviet-American

relations, détente and arms negotiations, reflects the Chernenko-Gromyko line since late summer. "Gorbachev is linking himself to the foreign policy of Gromyko," Mr. Hough said. He suggested that the new leader, who is relatively inexperienced in foreign policy, was leaving that sphere of policy primarily under Mr. Gromyko's direction for now while he turned to internal affairs and the economy.

But U.S. specialists disagree over whether Mr. Gorbachev would be content to let the foreign minister become president, a largely ceremonial role but one that recent party leaders have wanted for themselves to bolster their political authority and their prestige at home and abroad.

U.S. government analysts assert that in the past Mr. Gorbachev defended Mr. Chernenko's right to serve as both party leader and president, presumably laying claim to such a combination of posts for himself.

But other government and academic specialists, like Vernon S. Aspinwall, professor of political science at Pennsylvania State University, question whether Mr. Gorbachev will be allowed by older leaders to accumulate that much power.

When the collective Soviet leadership made a formal group appearance Monday at Mr. Chernenko's funeral, Mr. Gromyko ranked directly behind Mr. Gorbachev and Mr. Tikhonov.

Mr. Gromyko, who has never had an important role in the party apparatus although he has been foreign minister for 28 years and in the Politburo since 1973, ranked ahead of party leaders like Viktor V. Grishin, the Moscow party leader, and Grigory V. Romanov, a member of the party secretariat.

Many specialists read this as an indication of his increasing power and of the decline of Mr. Romanov, who had been regarded by some as Mr. Gorbachev's most powerful rival for the leadership.



A bodyguard accompanied Samir Geagea, leader of a revolt against Lebanon's alliance with Syria, as he arrived Friday for a meeting of Christian military and political leaders.

## Mubarak Adds Talks With Kohl to His Tour

United Press International

LONDON — President Hosni Mubarak of Egypt, politely rebuffed in attempts to draw Washington and London into new Middle East peace moves, on Friday added West Germany to his tour of Western nations.

An Egyptian spokesman said that Mr. Mubarak would stop off in Frankfurt on Saturday to confer with Chancellor Helmut Kohl in a general review of the Middle East situation.

Originally, Mr. Mubarak, who met with President Ronald Reagan in Washington and Prime Minister Margaret Thatcher in London, had planned to fly directly from London to Venice for a meeting with Prime Minister Bettino Craxi of Italy, the spokesman said.

He said that Mr. Mubarak would also discuss bilateral West German-Egyptian relations with Mr. Kohl.

After 80 minutes of talks with Mr. Mubarak on Thursday, Mrs. Thatcher said she supported efforts by Egypt and Jordan to promote dialogue with Israel but made no offer to join Mr. Mubarak's Middle East peace search.

She pointedly omitted mentioning the role of the Palestine Liberation Organization in last month's agreement between Jordan and the PLO intended to defuse conflict in the region. Mr. Mubarak has proposed an initial round of talks between the United States and a joint Jordanian-Palestinian delegation before a large round of peace talks on the Middle East.

The United States has refused to take Mr. Mubarak up on his proposal.

Egypt had no comment on the

London talks, which began Thursday afternoon at Mrs. Thatcher's 10 Downing Street residence and continued at a dinner there Thursday night.

A spokesman for Mrs. Thatcher said her talks were "almost exclusively" about the Middle East and focused on President Mubarak's visit to Washington and its results.

■ **Egypt to Press U.S.**

An Egyptian diplomat in Israel said Friday that Egypt would continue to press the United States to meet with a joint Jordanian-Palestinian delegation. The Associated Press reported from Tel Aviv.

"We don't want the United States to negotiate with a Jordanian-Palestinian delegation. We only want them to listen, to make sure for themselves that the delegation is keen to achieve peace," the Egyptian chargé d'affaires in Israel, Mohammed Abdel Aziz Bassiouny, said. He added: "Then negotiations can start directly with Israel."

■ **Egyptian Group in Israel**

A 10-member Egyptian delegation has arrived in Israel for four days of talks on the development of aid and land in the latest of Egyptian-Israeli contacts. United Press International reported Friday from Jerusalem.

"This is a meeting of eight personnel and two assistant directors from the Egyptian Ministry of Agriculture. They are here in the framework of a steering committee for aid zones," a spokesman for Israel's Foreign Ministry said.

The spokesman said this is the third of three meetings about aid and land among U.S., Israeli and Egyptian delegations.

## Militias Clash In East Beirut In Major Split Of Christians

New York Times Service

BEIRUT — Clashes erupted Friday in Christian East Beirut as rival militias fought for control of strategic locations in the worst split in Lebanese Christian ranks in a decade.

Police said combat with machine guns and rocket-propelled grenades broke out in the Beirut port area and Karantina port area, but there were no immediate reports of casualties.

The port is an important link between the Christian and Muslim parts of the capital. The crossing point between the two parts of the city were closed as the sound of bullets and explosions were heard on the Muslim side of the line.

Lebanese private radio stations said that Christian militia rebels under the command of Samir Geagea have gained the upper hand against their rivals in the Phalange Party. The rebels are protesting Lebanon's yearlong rapprochement with Syria.

[Late Friday, the rebel militia-men seized the last position in East Beirut loyal to President Amin Gemayel. The Associated Press reported from Beirut.]

The fighting erupted hours after at least 18 U.S. Embassy officials were evacuated from Lebanon and flown to Cyprus in reaction to what a White House spokesman called an "unsettled" situation in East Beirut.

Christian leaders held emergency talks with Mr. Gemayel, a Christian, at the presidential palace in Baabda in the hills east of the city. The Muslim prime minister, Rashid Karami, took part in the talks. He had just returned from Damascus where he had met with Syria's vice president, Abdel Halim Khaddam.

Mr. Khaddam issued a stern warning Thursday night that his country would not remain indifferent in the face of what he called "Israeli-inspired movements seeking to undermine Lebanese and Arab interests."

The leadership of Christian rebels issued a statement Friday denying allegations that Israel was behind the revolt. "Rumors to this effect spread by hostile media are false," the statement broadcast by the group's "Radio Free Lebanon" said.

Mr. Geagea, 32, led his militia-men Tuesday in a sweep in Christian areas north of Beirut defying the leadership of the Phalange Party, which has thus far been in control of about 6,000 fighters forming a private army called the Lebanese Forces.

This is the first major split in the Phalange Party since its foundation about 50 years ago. It also divided the heretofore united Christian community after Mr. Geagea said that his movement reflected the independence of the Christian decision-making.

■ **Earlier Withdrawal Seen**

Defense Minister Yitzhak Rabin of Israel was quoted Friday as saying his country probably will hasten its withdrawal from southern Lebanon by shortening and partially combining the two remaining stages. The Associated Press reported from Tel Aviv.

"I estimate that everything will be done to shorten [the second stage], and theoretically there exists a possibility of combining parts of stage two and stage three," the daily newspaper Yedioth Ahronoth quoted Mr. Rabin as saying.

However, the newspaper quoted Mr. Rabin as saying he did not think Israel could finish pulling out of Lebanon in one combined stage.

Meanwhile, Israeli soldiers reportedly made arrests and searched for weapons in a raid on the Shiite Muslim town of Barish, about eight miles (13 kilometers) east of Tyre. Two villagers were killed a day earlier trying to smuggle ammunition into Israeli-occupied territory.

Sources in southern Lebanon, who spoke on the condition that they not be identified, said the Israeli entered Barish on Friday with 12 armored personnel carriers and 150 soldiers.

■ **U.K. Businessman Abducted**

Brian Levick, a British businessman who has worked in Beirut for the past 18 months, was kidnapped Friday in West Beirut. The Associated Press reported.

He was the second Briton to be abducted in the Muslim sector of the capital in as many days. On Thursday, Geoffrey Nash, 60, a metallurgist who works for the Lebanese government, was forced by three gunmen into a car and driven off.

David Miers, the British ambassador in Lebanon, confirmed reports of Mr. Levick's kidnapping and said the victim was the managing director of Coral Oil Co. in Lebanon.

Officials said that Sir Geoffrey's comments reflected a number of worries. Britain is not sure that it will ever be able to afford a space defense system; indeed, it is already having difficulty finding the money to pay simultaneously for its naval and military commitments to the North Atlantic Treaty Organization, its defense of the Falkland Islands and its purchase of U.S. Trident missiles.

In addition, Britain, along with others in Europe, fears that for the first several years of any deployment, all the new weapons would stay in the United States, leaving the European continent vulnerable.

However difficult the questions, the foreign secretary added, they must be asked now, because they are "so vital to our future that we cannot afford to shirk them off."

## WORLD BRIEFS

### Castro Denies Friction With Moscow

NEW YORK (AP) — President Fidel Castro of Cuba has denied his failure to attend the funeral of the Soviet leader, Konstantin Chernenko, was a sign of strain in relations with the Soviet Union, reported Friday.

Mr. Castro made the remarks during an interview in Havana, television network said. CBS added that the Cuban leader "says he is not in a pique of any kind, that his decision about not going to Moscow wasn't a signal." Mr. Castro said a relationship with the Soviet Union was never better, CBS said.

Regan administration officials said this week that they saw Castro's absence as a sign of friction between Moscow and Havana. Cuban announcements have offered no explanation of why Mr. Castro sent his brother, Raúl, the vice president and defense minister, to represent Cuba at Mr. Chernenko's funeral on Wednesday. Fidel Castro went to Moscow for the burials of the previous two Soviet presidents Leonid I. Brezhnev in 1982 and Yuri V. Andropov last year.

### Papandreou Withdraws Amendment

ATHENS (AP) — Prime Minister Andreas Papandreou's Socialist government, responding to public criticism, has dropped a proposed constitutional amendment that would have enabled Parliament to alter the Greek constitution whenever it wished.

The government, however, said it will press ahead with plans to alter articles of the 1975 constitution to curb what it calls the excess powers of the president.

The premier has decided to withdraw the amendment of Article 1 of the constitution, the government spokesman, Dimitri Maroudas, said in a statement issued Thursday night. "In order to ensure a political deal in good faith, which has been undermined by misleading statements," he said.

The scrapped amendment would have permitted revision of the constitution by a three-fifths majority in the 300-member single chamber parliament at any time.

### Greece Turns Down Turkish Proposal

ATHENS (AP) — Greece on Friday rejected a proposal by the Turkish prime minister, Turgut Ozal, for talks on Greek-Turkish differences neither "serious nor responsible."

Dimitri Maroudas, a government spokesman, said the "two conditions necessary for a Greek-Turkish dialogue don't exist." He said there can be no talks between the two neighbors while Turkey occupies northern Cyprus and Turkey maintains a claim on control of Aegean Sea region. He said Mr. Ozal's proposal was neither "serious nor responsible," but designed to impress international public opinion.

The Turkish prime minister said Tuesday that he was willing to discuss Greek-Turkish problems with the Greek prime minister, Andreas Papandreou "anywhere, anytime."

### Students in Seoul Clash With Police

SEOUL (Reuters) — About 4,000 students demanding the resignation of President Chun Doo Hwan of South Korea clashed with riot police Friday at Korea University in Seoul, witnesses said. No casualty reports were available.

Nearly 1,000 policemen fired tear gas as students tried to take to the streets, the observers said. The students retaliated by hurling stones. They were demanding the withdrawal of the resignation of the university president, who they said was forced to resign because of his link toward radical anti-government students.

The demonstration turned into an anti-government protest. Police stopped the students from marching off the campus. The protest demanded an end to what they called the military dictatorship of Chun's government and the release of political prisoners.

### For the Record

The Justice Department asked a federal judge in Philadelphia Friday to dismiss a lawsuit challenging the establishment of U.S. economic relations with the Vatican. The suit, which names President Reagan as a defendant, was brought by Americans United for Separation of Church and State.

Nonunion drivers rammed their coal trucks through a United Workers blockade in Logan, West Virginia, on Thursday. Some drivers were slightly injured and 10 miners' cars were damaged. It was the second day of violence in a five-month-old strike.

Three convicts who barricaded themselves in a maximum security prison with four hostages in Kingston, Ontario, were arrested after hostages managed to escape, prison officials said Friday.

New Zealand, frozen out of military exercises with the United States because of its ban on visits by U.S. nuclear warships, is seeking defense ties with Canada. Defense Minister Frank O'Flynn said Friday.

Eight South African dissidents arrested on treason charges lost a battle for bail Friday in Durban, South Africa, after the state for their release.

## Moscow Said to Consider Action Against Pakistan

(Continued from Page 1)

by about 100,000 Soviet troops, are being carried out from Pakistan's territory.

"It was also stressed that this cannot be done in the most negative way Soviet-Pakistani relations," said the Tass report on the meeting.

An earlier article in Pravda, the Soviet Communist Party newspaper, included more explicit allegations against General Zia's regime. That article asserted that the U.S. Central Intelligence Agency was maintaining a "number" of bases and camps in Pakistan to train and equip Muslim insurgents who subsequently are sent into Afghanistan.

Pravda also said that "American instructors" are training General Zia's police forces, which are to be "used in the restless northwestern border province of Pakistan." In the area, known as Baluchistan, opposition to General Zia's regime is running high. Russians traditionally have maintained ties with Baluchistan tribes.

Sources in Moscow hinted Friday that intensified pressure on General Zia was linked to Moscow's effort not only to seek a solution to the five-year-old military stalemate in Afghanistan but also to Mr. Reagan's increased pressure on the Sandinist government of Nicaragua.

According to these reports, the Russians are considering the possibility of encouraging anti-Zia elements in Pakistan presumably by

providing arms and other aid to dissidents in Baluchistan. One was led to believe the American military action against Nicaragua would provoke a secession to topple the government General Zia.

It was not possible to determine to what extent these official bluffs were designed to impress on General Zia to change his policy or whether they to mark a drastic shift in Moscow policy.

There is little doubt that Gorbachev would like to find out of the Afghan impasse. Soviet invasion of Afghanistan 1979 has complicated Soviet relations with China, the Mr. countries and the West.

Mr. Gorbachev took the utmost to associate himself with assertions during the summit in the Pakistani leader.

Western diplomats in Moscow said that Mr. Gorbachev's possibly reflected Moscow's frustration with the Afghan pass.

However, the new leader seems to have linked the pro-Afghan insurgency to U.S. policy in Central America and specially to Mr. Reagan's pressure on Nicaragua.

Diplomatic observers here signaled that it is capable of inflicting some real damages to interests in an area close to Soviet borders if Mr. Reagan sees his policy aimed at toppling pro-Soviet government in Moscow.

## Gorbachev Faces Economic Hurdles

(Continued from Page 1)

been no breakthrough in productivity.

The energy and speed with which Mr. Gorbachev revives the assault on the economy will probably depend on how quickly he can consolidate his power. In his speeches and writings he has given the impression of a man in a hurry.

In December, he called for "profound transformations in the economy and in the entire system of social relations." In his acceptance speech on Monday, he called for "restructuring the material and technical base of production," "perfecting 'social relations' and developing the worker's 'spiritual makeup'."

Statements like these have made Mr. Gorbachev the object of considerable hope among the more progressive middle-aged Soviet officials. He is seen as the man who can snatch up Andropov's sagging banner and revive the Soviet Union's sagging strength.

But Western economists and diplomats who have followed the Soviet economic debate and have watched Mr. Gorbachev are almost unanimously skeptical that he can bring the sort of fundamental change that to Western thinking is the sole way out of the Soviet Union's economic morass.

"Their real problem is the system of central control," said one senior Western diplomat in Moscow. "The economy cannot respond to changing conditions or advantages except by going through an enormous bureaucracy. The system is deadening to innovation, initiative. They simply don't have a mechanism that can run itself — it is one they must continuously prime."

According to Western statistics, the average annual growth rate of the Soviet economy has fallen to about 2 percent in recent years from a peak of 5.2 percent during the 1966-1970 period. Soviet living standards have fallen to about one-third of American standards, according to Western statistics.

"All the reforms" attempted in the past, in 1965, 1979, by Andropov, have been no more than tinkering with the fringes of the system.

## Soviet Economy Continued Decline In Most Areas in Beginning of 1985

Reuters

MOSCOW — Economic figures for the first two months of 1985, released Friday, illustrate the uphill struggle that the Soviet Union's new leader, Mikhail S. Gorbachev, faces on the economic front.

The official weekly Economic Gazette showed a marked slowdown in industrial production and productivity growth, with oil and coal figures down and targets not met in the chemical, ferrous metal, fertilizer and paper industries.

In agriculture, milk yields were down compared with the same period last year. Overall meat production rose but in the central Asian republic of Uzbekistan figures were more than 25 percent down and newspaper's disclosed that farms had been falsifying figures.

Industrial production in January and February 1985 was up only an average 3.7 percent, compared with an increase of 5.6 percent a year ago. Overall productivity grew by 1.2 percent, compared with 5.3 percent in the same period in 1984, the publication said.

Production in two-thirds of the categories listed by the Economic Gazette was below 1984 levels.

The official report put some of the blame for the statistics, among the worst since 1982, on a hard winter that it said had caused transport difficulties and strained power supplies.

The report also blamed ministries and management that it said "did not take the necessary steps to make fuller use of existing capabilities and technical equipment."

An editorial in the official newspaper Pravda said the Soviet Communist Party now intended "decisive action against irresponsibility" and "support for those whose attitude to duty is reflected by practical results, deeds not words."

Gas and electricity figures were among the few bright points. Gas production, aided by new fields in western Siberia, rose to 105 million cubic meters (3.7 billion cubic feet) from 96.2 million in the comparable period last year. Electricity production, measured in kilowatt hours, was up by about 3 percent.

Realistic assessments like this are founded on the presumption that serious reform of the economy would undermine the political system.

The reform of the pricing system that most Western economists consider the first step in any serious reform would be certain to bring public discontent. Letting market mechanisms loose would strip the

central bureaucracy and the Communist Party of their control over all aspects of Soviet life and raises the threat of the restoration of capitalism.

The question among Western diplomats is how far Mr. Gorbachev can go with his plans for change. He is seen as likely to limit his campaign to attacking the entrenched and corrupt bureaucracy, reviving the campaign for discipline among workers.

Although Mr. Gorbachev may not share the vivid memories of World War II and Stalinism with his predecessors, he may well share their fears of setting loose the sort of reaction that economic change spawned in Hungary, Czechoslovakia or Poland. The sort of economic revival sweeping China, most diplomats believe, is not in the cards for the Soviet Union anytime soon.

## Belgium Accepts Missiles

(Continued from Page 1)

laughter from opposition benches when he said that the missile deployment "has no aggressive or hostile character."

Mr. Martens said: "The deployment in Western Europe of a limited number of intermediate-range nuclear missiles — a number far lower than that already put in place by the Soviet Union — is intended only to re-establish a certain equilibrium of forces and a deterrent without which the security of the country would be seriously compromised."

In what appeared a concession to the anti-deployment forces here, Mr. Martens said the government would review the situation every six months to see whether a deployment of the additional 32 cruise missiles destined for Belgium in the NATO plan would proceed.

■ **Tass Sees New Obstacles**

The Belgian decision raises additional obstacles to reaching an agreement at the Geneva talks, the Tass news agency said Friday in Moscow.

## U.K. Voices Questions on Space Arms

(Continued from Page 1)

first began talking about it, but most of those have been made privately. Sir Geoffrey's public discussion of problems, which came just as the Geneva disarmament talks were getting under way, was one of the first by a ranking politician.

British officials said that the speech did not represent a major shift in attitude but rather a decision that the time had come to set out Britain's views in detail.

Sir Geoffrey said that it was important that the allies ask themselves "how best to enhance deterrence, how best to curb rather than stimulate a new arms race." And he argued that such strategic considerations had to be considered during, not after, the research work on the proposed system.

He declared that in the first stages of the deployment of a system of active rather than passive defenses, that is, a system that could destroy enemy missiles rather than one whose effectiveness rested upon the threat of a retaliatory attack, "these would be bound to be more vulnerable than comprehensive systems to countermeasures."

"Would these holes in the dyke," he asked, "produce and even encourage a nuclear flood?"

The foreign secretary, whose speech would require the clearance of the prime minister and the cabinet, also expressed anxiety about the ability of politicians to retain control over any new system, rather than relying "upon computers and automatic decision-making."

On another question, he quoted Paul H. Nitze, the American disarmament specialist, to the effect that any space defense would have to be not only workable but also cost-effective and survivable. With a cost running "into many hundreds of billions of dollars," he said, the allies must ask "whether the enormous funds to be devoted to such systems might be better employed" on other forms of deterrence.

Although his language was highly diplomatic throughout, Sir Geoffrey appeared to be warning the United States not to go beyond research without gaining the approval of the Europeans first.

"In his statement to Congress last month, President Reagan spoke of the need to reverse the



Sir Geoffrey Howe

erosion of the Anti-Ballistic Missile Treaty," the secretary said. "But to go beyond research into defensive systems would be inconsistent with the ABM treaty as it stands. I attach importance to convincing the Soviet leadership that we in the West are indeed serious in our aim of maintaining strategic stability at significantly lower levels of nuclear weapons."

"We do not want to give them the impression that we have something else in mind. We are serious about arms control. And we must be seen and heard to be so."

"Finally, as members of the Atlantic alliance, we must consider the potential consequences for this unique relationship. We must be sure that the United States' nuclear guarantee to Europe will indeed be enhanced not at the end of the process, but from its very inception."

Officials said that Sir Geoffrey's comments reflected a number of worries. Britain is not sure that it will ever be able to afford a space defense system; indeed, it is already having difficulty finding the money to pay simultaneously for its naval and military commitments to the North Atlantic Treaty Organization, its defense of the Falkland Islands and its purchase of U.S. Trident missiles.

In addition, Britain, along with others in Europe, fears that for the first several years of any deployment, all the new weapons would stay in the United States, leaving the European continent vulnerable.

However difficult the questions, the foreign secretary added, they must be asked now, because they are "so vital to our future that we cannot afford to shirk them off."

## Neves Falls Ill; Brazil Installs Vice President

(Continued from Page 1)

net that would satisfy all his supporters and he has worked hard to defuse the widespread expectation that the end of military rule will bring automatic solutions to accumulated economic and social ills. But he remains besieged by overoptimism.

Among the immediate problems he faces are imminent negotiations with the International Monetary Fund and commercial creditors, as well as a series of financial scandals. There are also fears of strikes in the industrial city of São Paulo in the coming weeks.

After 21 years of military rule, the country, economically, bears little resemblance to the Brazil of 1964. A sharp rise in production of steel, electricity, oil, cement, armaments, machinery and sophisticated manufactured goods converted Brazil into a middle-ranking industrial power.

The state's role in the economy also grew dramatically. The government now owns 65 percent of Brazil's \$100-billion foreign debt.

Vast strides were also made in agriculture, with highways opening up enormous areas of the interior to cattle farming and soybean plantations. Brazil is now the world's



# Divided Senate Panel Approves \$966-Billion U.S. Budget for 1986

WASHINGTON — A sharply divided Senate Budget Committee has approved a \$966.1-billion federal budget for next year that includes a one-year freeze on Social Security retirement benefits and disability payments, but no provision for new taxes.

The package incorporates a range of deficit-cutting proposals, including a provision proposed by President Ronald Reagan to hold the military spending increase to the inflation rate.

The proposed budget was approved Thursday in an 11-10 party-line vote after a debate in which Democrats accused the Republican majority of manipulating figures to exaggerate the degree to which deficits would be reduced.

The budget resolution incorporates some but not all of the program cuts and eliminations that Mr. Reagan recommended in his budget request.

Programs such as the Economic Development Administration could be killed; revenue sharing with local governments would be based on programs providing subsidies for Amtrak, the national passenger rail system, and funds for the Medicare system of health insurance for the elderly could be cut sharply.

Committee Republicans calculate that their budget would produce a deficit of \$172.3 billion in the next fiscal year, which begins Oct. 1, declining to \$101.8 billion after three years.

Using different economic assumptions than the Republicans, the nonpartisan Congressional Budget Office said next year's deficit reductions amounted to a total of \$39.3 billion, compared with the Republican claim of \$55 billion.

**Budget Faces Many Hurdles**

Karen Tumulty of the Los Angeles Times reported from Washington: The Senate Budget Committee's package faces an uphill climb before any of its provisions become law.

The package and other deficit-reduction alternatives will be haggled over by the Reagan administration, the full Senate and House of Representatives and almost every committee and subcommittee on both sides of the Capitol.

Only hours after the Senate com-

mittee tentatively approved its broad spending outline, both liberals and conservatives were expressing reservations about it.

At the White House, Larry Speakes, the deputy press secretary, said the Mr. Reagan was "disappointed in some elements of the package," particularly the committee's refusal to go along with the administration's request for an increase in Pentagon spending of 6 percent after inflation.

However, Mr. Speakes said that completion of the Senate committee's plan "gives us an opportunity to begin working closely with the Senate in order to develop a package more to our liking."

The House Budget Committee chairman, William H. Gray 3d, Democrat of Pennsylvania, dismissed the senators' plan as merely an effort to "get the monkey off their backs" after the committee's Republicans and Democrats were unable to agree on an overall deficit-reduction strategy.

Democrats on the committee, with some Republican support, had argued that the panel should increase taxes on corporations rather than force domestic programs to carry such a large share of the deficit-reduction burden. However, any tax increase would have put the committee at odds with the president.

The first major test of the plan will likely come within two weeks on the floor of the Senate.

The committee's proposal to deny Social Security cost-of-living increases next year is certain to provoke strong opposition in the Senate. And even if it passes, it will face a new challenge in the House, where even the Republican minority is on record as being against any cut in the program.

A top aide to House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, said it was "unlikely, but not absolutely out of the question" that the House would go along with the Social Security freeze.

Now that the Senate committee has produced a package, the aide added, it puts pressure on the House Budget Committee to come up with its own spending alternative that would slice the deficit.

"At a minimum, what we have to do is match their number" for overall deficit reduction, he said.

## 40% of U.S. Admirals To Handle Arms Buying

By Michael Weisskopf  
Washington Post Service

WASHINGTON — The U.S. Navy, in a major policy shift that reflects its difficulties with defense contractors, will ensure that 40 percent of officers promoted to admiral will have specialized in weapons procurement or management rather than command at sea, according to Navy Secretary John F. Lehman Jr.

Mr. Lehman said Thursday that the move is aimed at attracting top-flight officers to the arcane and unglamorous world of weapons acquisition, offering them a clear path to a rank previously filled mainly by those who had proved themselves at sea.

Calling his decision the most far-reaching personnel reform in 100 years, Mr. Lehman said the navy would send officers to such institutions as Harvard Business School to develop business management skills to match those of defense contractors.

It serves notice that the contractors "are going to see across the table from them a steadily increasing level of experience and expertise that will make the process a lot more effective," Mr. Lehman said.

The shift comes as Congress is challenging the Reagan administration's \$313-billion defense budget and focusing on the billing practices of the top U.S. weapons makers as evidence of runaway costs allowed by the Pentagon.

Contractor charges to the navy of \$600 for a toilet seat and \$16,571 for a refrigerator have heightened budget-cutting sentiment on Capitol Hill.

Navy officials say that two-thirds of the 100 admirals in top procurement jobs and most of their subordinates have little expertise. Since those posts have been seen as dead ends in a service that rewards sea duty, they return to the fleet as soon as possible.

As a remedy, Mr. Lehman said, the navy will reserve 100 of its 253 admiral slots — 100 posts that already involve weapons procurement and maintenance — for officers who have "solid credentials as experts" in managing and acquiring weapons systems.

A new officer program for "material professionals" will be established for those of the rank of commander or higher who will devote the rest of their careers to procurement, maintenance, technology and logistics of weapons. They are to be screened by a board of top navy officials who will select the first class in July.

Those qualifying for the program will be offered a 15-month business management course at the Naval Postgraduate School in Monterey, California, or at such places as Harvard and the University of Pennsylvania's Wharton School.

As Mr. Lehman was moving to improve the navy's ability to deal with contractors, Representative Bill Nichols, Democrat of Alabama, announced that P.akis Velioti, a former General Dynamics Corp. executive who lives in Greece as a fugitive, has agreed to testify

## Bush Rejects Invitation To Meet With Nicaraguan

By Bernard Weinraub  
New York Times Service

WASHINGTON — White House officials say that Republican senators up for re-election in 1986 are being informed that President Ronald Reagan's involvement in their campaigns would be limited unless they supported administration programs.

In what one official described as "hardball" political tactics, the White House has decided in recent days to step up the pressure on the 22 Republican senators in the hope of cementing their support on pending votes.

These include votes that are expected to be close on whether to continue building the MX missile and on the budget package, which involves cuts and freezes in numerous domestic programs.

One White House official described the new tactic as "a carrot and a stick thing." He added, "Basically, what it means is that if the senator doesn't support us on the MX and he wants a fund-raiser in the next three or four months, he's not going to get a fund-raiser."

The White House tried to apply similar pressure on Republican members of Congress in 1982 when Mr. Reagan was seeking legislative support for tax increases. But, in the face of angry congressional reaction, the threat was quickly shelved by the president.

This time, however, with Mr. Reagan increasingly concerned about the fate of his legislative program, White House officials say the

## Reagan Pressuring 22 Senators

Republicans Told Re-Election Help Depends on Votes

By Bernard Weinraub  
New York Times Service

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George Bush, wearing a U.S. 82d Airborne Division beret, waves to the crowd at Grenada's Point Salines airport.



AIRPORT DISPUTES — Garbage littered the floor at Charles de Gaulle Airport near Paris where a strike over wages by cleaning workers entered its 17th day Friday. Above, police tried to unclog a traffic jam at John F. Kennedy Airport in New York where striking employees of Pan American World Airways blocked the entrance to a terminal. The Pan Am strike, which began Feb. 28, involves a dispute over wages and pensions.

## AMERICAN TOPICS

### I Mink, 2 Brooches

On the Side, to Go

Fast-food chains are on the march up Fifth Avenue, New York's most elegant commercial thoroughfare. The Fifth Avenue Association has asked the city to ban food sales along the avenue's most glittering stretch, from 32d to 59th Streets, before it goes the way of Paris's Champs Elysees, largely given over to cinemas, cafes and fast-food chains.

It may be too late. McDonald's already has set up shop across the street from the Empire State Building. Burger King is at 37th Street, and Godfather's Pizza is across from the main library at 42d Street. Now Roy Rogers, at 46th Street, literally casts its shadow further uptown on Saks, Gucci, Cartier, Tiffany, Bergdorf Goodman and Bonwit Teller.

Robert Stern, an architect, says the eateries are "culturally, socially and architecturally" offensive. Kent Barwick, of the Municipal Arts Society, says the "loud, garish" fast-food outlets create "an area of chaos out of one of the great ceremonial streets of the world."

Fifth Avenue, with only mixed success, always has fought to keep out sidewalk vendors, banks, airline offices and souvenir shops. Murray Rise, of Roy Rogers, said of the big stores: "If they don't prosper, we don't prosper."

homes, down slightly from 65.4 percent five years ago after a steady rise from 55 percent in 1959, a New York Times survey shows that 76 percent of all Americans believe that "the prospect of owning and living in a freestanding house on its own land" is "an important part of the American dream."

Of people who rent, 55 percent intend to buy.



John F. Lehman Jr.

### Short Takes

An Alaska Railroad freight train, although slowing to 40 mph (65 kph) or less, killed 48 moose this month on a one-night round trip between Anchorage and Fairbanks. The moose preferred walking on the plowed track than on snow up to 18 inches (46 centimeters) deep. Arnold Polancsek, an executive of the state-owned line, said: "Normally, you hit one or two a trip. I've been here 14 years and I can't remember anything like it."

The case that prompted the New Jersey Supreme Court's decision last June that a host is liable for his drunken guests' car accidents has been sent out of court. The automobile insurance company of Donald J. Gwinnel, who had pleaded guilty to drunken driving, will pay \$100,000 to Marie E. Kelly, 31, who suffered a broken jaw and ankle in a head-on crash with Mr. Gwinnel's car. The "owner's" insurance company used by Joseph and Catherine Zak, who had served Mr. Gwinnel several Scotch beverages the accident, will pay her \$72,500.

Although only 64 percent of Americans own their own

### Army and Navy At Lager-Heads

Navy Secretary John F. Lehman Jr. is said to agree with General George S. Patton that "if you don't drink well, you don't fight well." The Washington Post reports. General John A. Wickham Jr., the army chief of staff, says that alcohol erodes fighting spirit.

At a recent Pentagon meeting on the proper drinking age at military clubs and the propriety of out-of-duty drinks during "happy hours," General Wickham said the army had banned discount drinks. Mr. Lehman, according to a senior officer who attended, "said that happy hours contributed to esprit de corps and shouldn't be compromised. Wickham then gave his speech about drunk driving and alcoholism and how it doesn't make sense for the military to subsidize it."

As a result, the navy will discount drinks, the army won't. On the drinking age, William H. Taft 4th, the deputy defense secretary, ruled that military clubs must adhere to state laws, except when the base is near the border of a state with more lenient drinking laws.

Compiled by ARTHUR HIGBEE

## Lean Times Come to Embassy Row

(Continued from Page 1)

crunch. Mrs. Lawen has petitioned the embassy hierarchy to adjust employees' salaries monthly to provide a more accurate reflection of the exchange rate.

A French diplomat said that when he moved to Washington in 1981 his monthly rent was \$1,600, which at that time equaled 6,000 francs. Although the rent has increased only \$100 in four years, to \$1,700, the exchange rate is such that his cost went up 14,000 francs, to 20,000 francs.

Peter Mende, an official at the West German Embassy, said that staff members there had stopped skiing in Colorado. And they have stopped buying the American cars they had preferred and are importing three-free BMWs with a diplomatic discount.

Robert Andrew Burns, a counselor at the British Embassy, said he has given up shopping for clothes at Woodward & Lothrop and now stocks up at Marks & Spencer when he is in London.

He and his wife, Sarah, used to travel together on his business trips to New York, but she said she now takes the cheapest route possible because she has to pay her own way. "He goes by air or Metroliner, and I go on the ordinary people's train," she said. "But I save \$47."

While Washington has not yet been designated a hardship post, some embassies have been adapting practices usually reserved for the Third World.

At the Italian and French Embassies, staff members have been pooling resources to buy duty-free canned food and wines from Europe.

"It's totally unusual for that to be done here," said Giovanni Caracciolo di Vietri, an Italian diplomat. "It reminds me of my last post, in Ethiopia."

The West German Embassy has gone even further, officially forsaking the convenience of the Safeway

## Ex-FBI Agent Admits Taking Bribes

Undercover Officer Says He Also Sold Cocaine to Dealers

By Jon Nordheimer  
New York Times Service

MIAMI — A former agent of the Federal Bureau of Investigation has pleaded guilty to charges of taking \$850,000 in bribes and payoffs from a drug ring he was investigating as an undercover agent, the U.S. attorney's office reported.

The former agent, Dan A. Mitrone Jr., 38, admitted Thursday to having taken more than 90 pounds (41 kilograms) of cocaine from a shipment he had been ordered to seize and reselling it to drug dealers.

Mr. Mitrone, an FBI agent for 10 years, had been assigned to an undercover operation that sought to break up the channels for distribution of cocaine coming into the United States through Miami.

William H. Webster, director of the FBI, called the case "sad" and said it showed the determination of the bureau to police its own ranks.

Richard William Miller, an agent in Los Angeles with 20 years of service, became the first FBI agent charged with espionage when he was arrested last October on charges of spying for the Soviet Union.

The FBI said that Mr. Mitrone was assigned to undercover work in "Operation Airtight" shortly after it was begun in June 1982.

He went to work with an FBI informer who was active in the narcotics trade. But within months, according to U.S. Attorney Stanley Marcus, Mr. Mitrone was accepting bribes to overlook drug deals that the informer was making with the ring that the pair were supposed to be investigating.

In March 1983, Mr. Mitrone was sent to Memphis, Tennessee to seize 235 kilograms of cocaine. Instead, according to court records, Mr. Mitrone brought back only 193 kilograms, skimming off 42 kilograms to sell back to cocaine dealers for an unspecified sum of money and gifts.

His colleagues in the Miami office of the FBI became suspicious of Mr. Mitrone shortly after the Memphis incident. A special team of agents was assembled from bureaus around the country to investigate him. Mr. Marcus said, and Mr. Mitrone resigned in June.

**Mexican Suspect Dies**

One of the 14 suspects arrested this week in connection with the

abduction and murder of a U.S. narcotics agent has confessed to involvement in the kidnapping, the Mexican attorney general's office announced Thursday, the Los Angeles Times reported from Mexico City. Another suspect died in custody.

Seven of the suspects are members of the Jalisco state judicial police.

Enrique Camarena Salazar, an agent of the U.S. Drug Enforcement Administration, and Alfredo Zavala Avellar, a Mexican government pilot, were kidnapped in separate incidents on Feb. 7 in Guadalajara and found dead last week.

One of the 14 suspects, Gabriel Gonzalez Gonzalez, died of "an acute pancreatic hemorrhage" while in detention, a news release from the attorney general's office said. Mr. Gonzalez, a section commander and homicide investigator in the Jalisco state judicial police, was described as "a cocaine addict" and "intimate friend" of various known narcotics traffickers.

"He received a monthly stipend for his services to the narcotics traffic, as well as arms," according to the attorney general's statement.

### U.S. Tells Plans For Cruise Missiles

The Associated Press

WASHINGTON — The U.S. Navy plans to deploy nuclear-armed cruise missiles on more than 180 of its surface ships and submarines during the next decade.

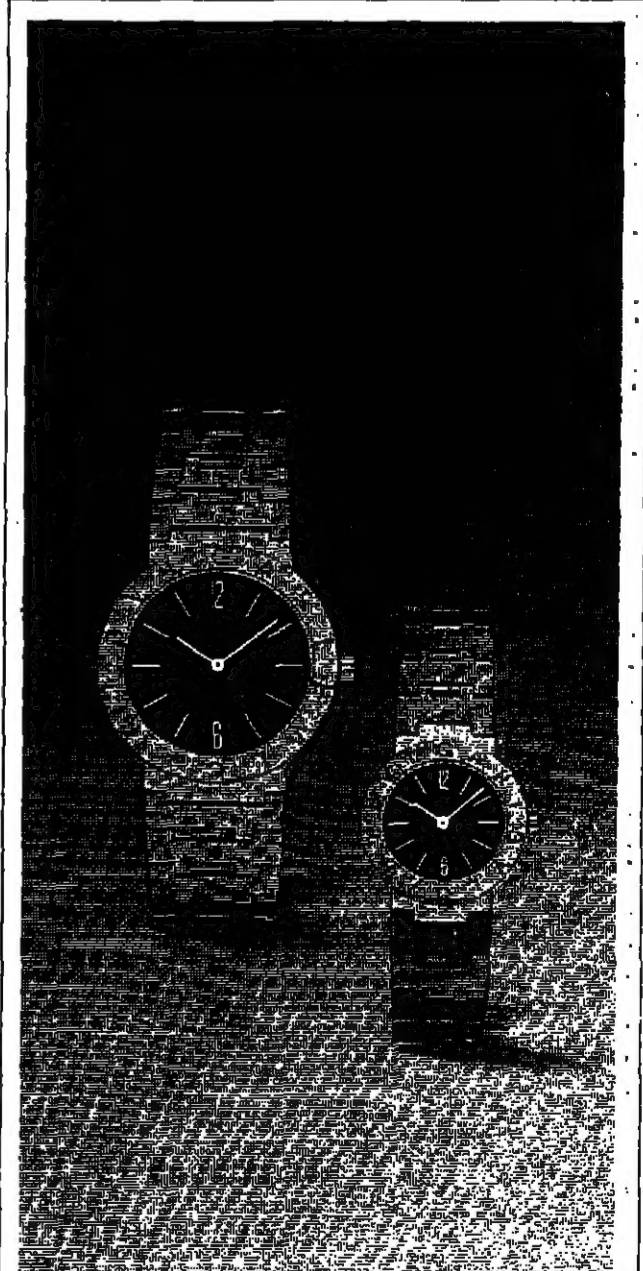
Commander Roger F. Bacon, director of the navy's strategic and theater nuclear warfare division, told the House subcommittee on procurement and military nuclear systems Wednesday that the first deployments of nuclear-armed Tomahawk cruise missiles occurred as scheduled in June "with introduction into both the Atlantic and Pacific fleets."

Commodore Bacon did not say how many of the navy's ships had already received nuclear-armed cruise missiles, but he added: "The deployment continues and will eventually encompass 82 surface ships and 101 submarines by the mid-1990s."

Millions illiterate in China

Agence France-Press

BEIJING — More than 10 percent of the Communist Party's 40 million members are illiterate and 70 percent have not graduated from primary school, the newspaper Guangming Ribao reported Friday.



BVLGARI

10 VIA DEI CONDOTTI - ROMA  
HOTEL PIERRE - NEW YORK  
30, RUE DU RHONE - GENEVE  
AVENUE DES BEAUX-ARTS - MONTE CARLO  
HOTEL PLAZA-ATHENEE - PARIS







## ARTS / LEISURE

Instrumentarium':  
Water in Movement

By Michael Gibson

**PARIS** — The pit that occupies the center of the ground floor at the Pompidou Center has been filled with transparent plastic hoses and pipes, barrels, buckets and jacks, (one of them from the former Düsseldorf train station), umbrellas, large parabolic metal bowls and other objects in metal and plastic. All the receptacles and hoses are filled with water in movement or at rest (30 tons of it, by one count) and the whole thing is called as Klaus Rinke's "Instrumentarium."

Rinke, who grew up in the gray, foggy Ruhr of the postwar years, came to the attention of the international art community with his performances of "body art," in which he used his body as an instrument for some rather tautologous demonstrations. He also did performances with water and other elements, and over the years he accumulated the impressive quantity of material that is to be seen in a 20-by-30-meter (21.5-by-32.5-meter) pit at the Pompidou Center. Rinke seems to have affinities with the ideas set forth by the French philosopher Gaston Bachelard, who wrote about the reveries surrounding the four elements of nature — earth, water, air and fire. Last year Rinke proposed a

fountain for a city in northern France that would have been dedicated to Bachelard. But his reveries are constricted in the austere materials and colors of the industrial world, and in a certain minimalist spirit or mystique that is determined to find the poetic core of events and things beneath the grim industrial shroud.

Klaus Rinke, "Instrumentarium," Pompidou Center, through April 8.

Jean-Pierre Raynaud represents a different, more Jansenistic form of minimalism. He is showing at Gilbert Brownstone's gallery and at the ARC gallery in the Paris city museum of modern art, where he appears in the company of two other countrymen — one of whom, Niels Toroni, has devoted the past 15 years to making imprints of a paintbrush of a given width at intervals of 50 centimeters (11.5 inches).

Raynaud's work to date has made predominant but not exclusive use of square white ceramic tiles with black jointing. He builds walls and pedestals and rectangular objects that suggest paintings out of these tiles. The interior of his house on the outskirts of Paris is entirely covered with them. Even the furniture is made of white tile, without cushions.

Such absolute monastic commitment adds some scope to the bare



Klaus Rinke setting up his "Instrumentarium" in the Pompidou pit.

minimalism of Raynaud's medium. But perhaps the best use that has been made of his unusual talent and attitude so far was not a tile work but the commission to produce stained-glass windows for the Romanesque Cistercian Abbey of Noirlac in 1976.

Raynaud has reportedly decided no longer to work with tiles. In the ARC show that departure is apparent in the biggest piece, a large

room in which about 20 austere white metal beds are aligned against the wall. Over each there is a canvas carrying five rather thick vertical stripes that in the context might suggest windows with heavy bars on them. The beds, a nonstandard 86 centimeters wide, were made to Raynaud's specifications. Raynaud in France, rather like Pollock or de Kooning in the United States, has "made a gift of his

person to art." His tiles can remind one of the philosopher Ernst Bloch's remark to the effect that the bathroom will be the most characteristic work of the 20th century, as the cathedral was of the 12th.

Jean Pierre-Raynaud, Galerie Gilbert Brownstone & Cie, 17 rue Saint Gilles, through March 29; ARC, Musée d'Art Moderne de la Ville de Paris, 11 Avenue du Président Wilson, through April 24.

## Three Phases of Gastone Novelli

By Edith Schloss

**ROME** — At a moment when shamelessly mediocre art is blighting the scene in many world capitals, five shows in Rome allow for a breath of fresh air, contemplation and hope.

The most stimulating are shows in three galleries that examine the career of Gastone Novelli, who died in Rome 17 years ago at age 43. Novelli was a modernist of great invention and individuality. Despite many international exhibitions he has not gained the recognition he deserves for his contribution to contemporary art.

In the beginning Novelli was a follower of the Abstract Expressionist movement (called *L'Informale* in Italy), which burgeoned after World War II as an expression of new political freedom. That he was as fluent and as experimental as his elders is clearly visible in the show of his earlier canvases at the Salita Gallery. In the 1950s he not only explored the splash and drippiness of diluted paint, but also the thickness of paint, its relief quality: building it up, scratching and cutting lines and wounds into it and playing its mass against its thinness. In keeping with the collage style of the era, switches of wrapping paper or newspaper are made to work as added structural elements on the canvas, so that, for instance, a column called "Court and Social News" from *The Times* of London is wittily made to work as a field of texture.

The dusky shades contrasting with silver and cream, the free painterly attack and moodiness make the Salita show one of the most satisfying of the three.

That Novelli's predilection for line became ever stronger, so that he used not just the brush but the pencil, is demonstrated in the show at the Isola Gallery, in the later canvases. Here constellations of scribbles — fossilic, starry, anatomical detail, ironic sentences and curves — form sentences like comic strips for the sophisticated, or are arranged in swarms and clusters gathering or scattering among patches of delicate, flower-petal paint color. From 1965 to the last year of his life, this telling of poetic insight, personal stories and opinions turns into simpler images, as in the beautiful "The Magician's Kid" and "Homage for Ho Chi Min."

"J. C. Prére," Brompton Gallery, 15/17 Brompton Arcade, Knightsbridge, SW3, through April 6.

Spizman Fine Arts, 37 Craven Road, W2, through March 30.

Another first London one-man show is that of the Swiss painter J. C. Prére's "Classical and Mythological Themes" at the Brompton Gallery, the paintings include the abstract "Icarus the Painter"; a series of paintings of the Suseanna of "Suseanna and the Elders"; "The Suseanna and the Minotaur"; and a number of works related to the myth of Danae.

"J. C. Prére," Brompton Gallery, 15/17 Brompton Arcade, Knightsbridge, SW3, through April 6.

"Edouard Vuillard 1868-1940," JPL Fine Arts, 24 Davies Street, W1, through April 6.

Lorenzo d'Andrea is an Italian whose first one-man exhibition in England, at the Lucas Gallery, shows him to be technically a painter and draftsman of great skill whose "monumental" images are a curious amalgam of the classical and the surreal. He was born in Lucrezia in 1943. After studies at Carrara and Milan he became a notable book illustrator. The large canvases in this show have a markedly literary bias.

"D'Andrea," Lucas Gallery, 116 Heath Street, Hampstead, NW3, through March 29.

Jenny Okun is a young American who trained in England as painter, filmmaker and photographer and unites all three disciplines in "Architectural Photographic Collages" at the Royal Institute of British Architects. She uses the composition of the painter and the montage of the filmmaker to represent the spirit of place. These work equally well to give the feeling of the Victorian bridge over the Thames at Chelsea — "Albert Bridge" — which looks as though at any minute it may grow wings and fly into the air; or the canyons of the tall buildings of New York as they seem to the pedestrian. The show will be at the Bertha Urdang Gallery in New York in June.

"Architectural Photographic Collages by Jenny Okun," Royal Institute of British Architects, 66 Portland Place, W1, through March 29.

Miro and Spizman is a recently opened gallery specializing in contemporary Russian art. In "The Rabin Family" the artists are Oscar Rabin, who was born in Moscow in 1928, exiled 50 years later and now lives in Paris; his wife, Valentina Kropivnitskaya, the daughter of his teacher and adoptive father, Eugene Kropivnitsky, and also a pupil of her father; and son Alexander, born in 1952. Oscar Rabin exemplifies Eastern attitudes to Western art; Kropivnitskaya, working principally in colored pencil, produces fantasy images; Alexander is also a romantic fantasist, who neatly combines the merits of both his elders.

"The Rabin Family," Miro and Spizman, 26, 27 and 28 March, 1985.

Paintings: Dali - Dominguez - De Vlaminck, M. Keith, Wil. - Knopff, F. signed French furniture - Jewels: Cartier and Van Cleef & Arpels. Bronze Sculptures - Old master paintings - Antique rugs.

Exhibitions: 22, 23 and 24 March from 10 a.m. to 12:30 p.m. and from 2 p.m. to 6 p.m.

Information: Service des Ventes Publiques. Tel. 2/512.18.94 - 512.85.78.

Palais des Beaux-Arts, rue Royale, 10 - 1000 Brussels.

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## 3 Contemporary East German Artists Show Works in London

By Max Wykes-Joyce

**ONDON** — The East Germans, represented at the Barbican Center Gallery by a 13-artist show of contemporary art, "Tradition and Renewal," appear to be little interested in political realism. It instead to be working in the art tradition of late German exile painting. Three Women in Cefalu (1983) by Werner Bille much resembles an updated version of a trio of saints by Stefan Lochner (c. 1410-1451), while a cadaver in the left-hand panel of the 1976 triptych "Investigation" by Volker Stelzmann could, without violence to the image, be incorporated in a Deposition or a Pietà by one of the anonymous masters of the early 15th century Nuremberg school.

Tobias (b. 1929), for some years director of the Leipzig Art School, d Stelzmann (b. 1940), professor of the Leipzig School of Graphic Art and Printing Design, have been other exhibitors in this show. Most, in their catalog statements, highlight the importance to art of a close study of nature and history. "My subjects are the main figure, nature in general" (Andreas Brune). "My pictures are only concerned with people and a network of their relationships" (Bernard Heigl). "No nation can exist without its past, without its art is not nation, and of course no art is not nation" (Bernard Heigl). Search among by-



"Investigation," a triptych panel by Volker Stelzmann.

gone days prepares for the future" (Wolfgang Petrovsky and Frank Voigt, who collaborate on large graphics). "I am mainly interested in the human figure, especially in heads" (Dagmar Stoeck). An additional bonus at the Barbican is a concurrent exhibition, "Munch and the Workers" a loan

show organized by the Newcastle Polytechnic Gallery. In more than 100 paintings, drawings and prints it demonstrates the seminal attitudes of the Norwegian artist Edvard Munch (1863-1944) toward workers, notably builders, foresters, farmers and fishermen.

"Tradition and Renewal: Contemporary Art in the German Democratic Republic"; "Munch and the Workers," Barbican Center Gallery, Barbican, EC2, through April 8.

The aspect of "Modern Chinese Painting" represented at the Warwick Arts Trust continues the "literary" tradition. The show incorporates the work of forerunners of the contemporary, such as Wu Changshu (1844-1927), whose chief subjects were plants and flowers and whose aesthetic is maintained by such as Zhu Qi-Zhan (b. 1892), who turned to painting in the traditional manner only in the 1970s.

"Modern Chinese Painting," Warwick Arts Trust, 33 Warwick Square, SW1, through March 24. Open Wednesdays to Sundays 10 A.M. to 5 P.M.

The work of a recently rediscovered Sunday painter, Martin-Jules Chouard (1839-1919), is celebrated at Hazlitt, Gooden and Fox. In large watercolor and pen-and-ink drawings over the basic pencil details, Chouard, a peripatetic French schoolmaster in the Seine-et-Marne region, portrayed the things and places that most took his fancy: chiefly still lifes of ripe fruit, sometimes on the branch, more often in the basket or bowl, showing a great appreciation for the visual qualities of apples, plums and peaches. His portrayals of the villages and towns where he labored equally show an affectionate observation.

"Martin-Jules Chouard 1839-1919," Hazlitt, Gooden and Fox, 38 Bury Street, St. James's, SW1, through March 29.

It would be unfair to compare the work of Chouard with that of Vuillard; nevertheless it is instructive to see how different are the amateur and the professional approaches to similar themes, as evidenced in the show at JPL Fine Arts of more than 50 "Paintings, Pastels and Drawings by Edouard Vuillard 1868-1940." Gone are the nervous amateur brick-by-brick details, as Vuillard makes a fine spring portrayal of "Vintimille Square" in a few quick strokes of pastel; small sheets of economical pencil and pen-and-ink sketches of vases of flowers nevertheless capture a whole environment and ambience. And, quite absent from the work of the Sunday painter, there are people in interiors, long-haired models, portraits of Madame Vuillard.

"Edouard Vuillard 1868-1940," JPL Fine Arts, 24 Davies Street, W1, through April 6.

Strike Delays Mozart's 'Flute'

MILAN — A strike by orchestra members forced the postponement of Friday's opening of Mozart's "The Magic Flute" at La Scala. The performance has been rescheduled for Sunday, theater officials said.

The festival includes art exhibitions and performances of music, opera and plays by Mahler and his contemporaries, all in London. Called "Mahler, Vienna and the 20th Century," it runs through Oct. 24.

Other conductors at the festival will be Simon Rattle, Pierre Boulez, Leonard Bernstein and Sir Colin Davis.

The festival was Abbado's idea. The Italian-born conductor said he wanted to trace the history of modern music, moving from Mahler and the Viennese school to contemporary music.

"Many of today's composers are the heirs to this development and most of them, like Benjamin Britten and Dmitri Shostakovich, were directly influenced by Mahler," Abbado said at a news conference last month.

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London Festival on Mahler,  
Vienna Opened by Abbado

The Associated Press

**ONDON** — Claudio Abbado conducted the opening concert Tuesday night of a seven-concert festival devoted to Gustav Mahler, his circle in Vienna.

The London Symphony Orchestra at the Barbican Hall performed Mahler's first symphony and works by Gyorgy Ligeti and Alban Berg.

Almost all of Mahler's works will be performed at the 21 festival concerts, which will highlight his influence on Arnold Schoenberg, Berg and Anton Webern.

Mahler died in 1911, at age 50, from a blood infection brought on by a heart ailment. His music, which often expresses intense emotionalism, was sometimes derided in his lifetime and neglected after his death, but a revival began in the 1950s.

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Statistics Index

Stock prices	P. 7	Exchange reports	P. 7
Gold prices	P. 7	Foreign exchange	P. 7
Oil prices	P. 7	Interest rates	P. 7
Commodity prices	P. 7	Market summary	P. 8
U.S. stock	P. 8	Outlook	P. 8
Other markets	P. 8		

FRIDAY-SUNDAY, MARCH 16-17, 1985

ECONOMIC SCENE  
Fly-on-the-Wall Perspective  
On Bush-Gorbachev Chat

By LEONARD SILK  
New York Times Service

NEW YORK — "In today's world, there is no way that we can successfully address international political problems without giving full weight to the economic issues," Richard A. Debs, president of Morgan Stanley International, recently told the Senate Foreign Relations Committee. "Nor is there any way we can address international economic problems without considering the political issues."

This may be a truism, but Mr. Debs said, "Unfortunately it is a truism that is often neglected in the way we run our government." However, useful truth lies not in generalities but in the details.

All the main items on the U.S. foreign-policy agenda are heavily freighted with economic implications. The list begins with American relations with the Soviet Union under its new leader, Mikhail S. Gorbachev. Vice President George Bush said, after his first session with the new general secretary of the Communist Party, "Mr. Gorbachev conducted the meeting, and he did it with great confidence and assurance. He made a very good impression."

But what did the men at the top say to each other? Mr. Bush said the meeting was constructive and nonpolemical and touched on a wide variety of issues but would not say what they talked about. It seems reasonable to believe that, even if one had been a fly on the wall, one would have heard nothing like the following exchanges:

Mr. Bush: "We realize that you need arms control a heck of a lot more than we do. Your economy is in serious trouble and unless you can get us to slow down the arms race, you are in danger of an economic collapse."

Mr. Gorbachev: "That's nonsense. If we survived the horrible death and destruction of World War II, we can certainly survive your efforts to outstrip us or not trade with us. As for 'star wars,' it won't work and if you want to spend yourself into bankruptcy, that's your problem. What we are afraid of is that you are going to give another twist to the arms race and make the strategic balance all the more precarious."

Mr. Bush: "Why don't you think of these things when you are building your own antimissile systems and outspending us on military weapons?"

Mr. Gorbachev: "You exaggerate, sir. Your own Central Intelligence Agency, whose congressional testimony I read religiously, or at least spiritually, has put their estimate of our rate of growth in military spending from 4 to 5 percent to 2 percent, and you have been increasing outlays by triple that rate or more since Mr. Reagan took office."

Mr. Bush: "We can grow our way out of the deficit."

Mr. Gorbachev: "I thought you were the fellow who invented the term 'voodoo economics.'"

Mr. Bush: "Fair is fair, and when I have new facts I change my view, don't you? Our performance since Mr. Reagan took office is the economic miracle of the 1980s. And our huge advantage is in our technology."

Mr. Gorbachev: "I know that. If I may quote your CIA people again, your military equipment is produced with more sophistication, more quality, better performance, more safety, more quality control" than ours. As the chairman of your Joint Chiefs of Staff, General Vessey, told the Senate Armed Services Committee, "The Soviet Union has a quantitative advantage in many (Continued on Page 9, Col. 2)

Interest Rates

Official Rates for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York
3-month	5.40	5.40	5.40	5.40	5.40	5.40
6-month	5.40	5.40	5.40	5.40	5.40	5.40
1-year	5.40	5.40	5.40	5.40	5.40	5.40

Key Money Rates

	United States	Great Britain	France	Germany
Discount Rate	5 1/8	11 1/2	10 1/2	10 1/2
Federal Funds	5 1/8	11 1/2	10 1/2	10 1/2
Prime Rate	9 1/2	13 1/2	12 1/2	12 1/2
Broker Loan Rate	9 1/2	13 1/2	12 1/2	12 1/2
Comm. Paper, 30-90 days	9 1/2	13 1/2	12 1/2	12 1/2
3-month Treasury Bill	9 1/2	13 1/2	12 1/2	12 1/2
6-month Treasury Bill	9 1/2	13 1/2	12 1/2	12 1/2
CDs 30-90 days	9 1/2	13 1/2	12 1/2	12 1/2
CDs 60-90 days	9 1/2	13 1/2	12 1/2	12 1/2

West Germany

	10% 10 1/2	10 1/2 10 3/4	10 3/4 11	11 11 1/2
Overnight Rate	10 1/2	10 3/4	11	11 1/2
1-month Interbank	10 1/2	10 3/4	11	11 1/2
3-month Interbank	10 1/2	10 3/4	11	11 1/2
6-month Interbank	10 1/2	10 3/4	11	11 1/2

France

	10% 10 1/2	10 1/2 10 3/4	10 3/4 11	11 11 1/2
Overnight Rate	10 1/2	10 3/4	11	11 1/2
1-month Interbank	10 1/2	10 3/4	11	11 1/2
3-month Interbank	10 1/2	10 3/4	11	11 1/2
6-month Interbank	10 1/2	10 3/4	11	11 1/2

Gold Prices

	10% 10 1/2	10 1/2 10 3/4	10 3/4 11	11 11 1/2
Overnight Rate	10 1/2	10 3/4	11	11 1/2
1-month Interbank	10 1/2	10 3/4	11	11 1/2
3-month Interbank	10 1/2	10 3/4	11	11 1/2
6-month Interbank	10 1/2	10 3/4	11	11 1/2

Output Declines In U.S.

Price Index Falls 0.1% for Month

By Jane Seabury  
Washington Post Service

WASHINGTON — Production at U.S. factories, utilities and mines last month plunged 0.5 percent and prices at the producer level declined 0.1 percent, reflecting the strong dollar's role in keeping prices low while eroding domestic production.

The decline in the Producer Price Index for finished goods followed no change in January and a 0.2 percent increase in December, the Labor Department reported Friday. For the past 12 months, prices of finished goods at the wholesale level increased 0.7 percent, the lowest increase since prices rose 0.6 percent from December 1982 to December 1983, the Labor Department said.

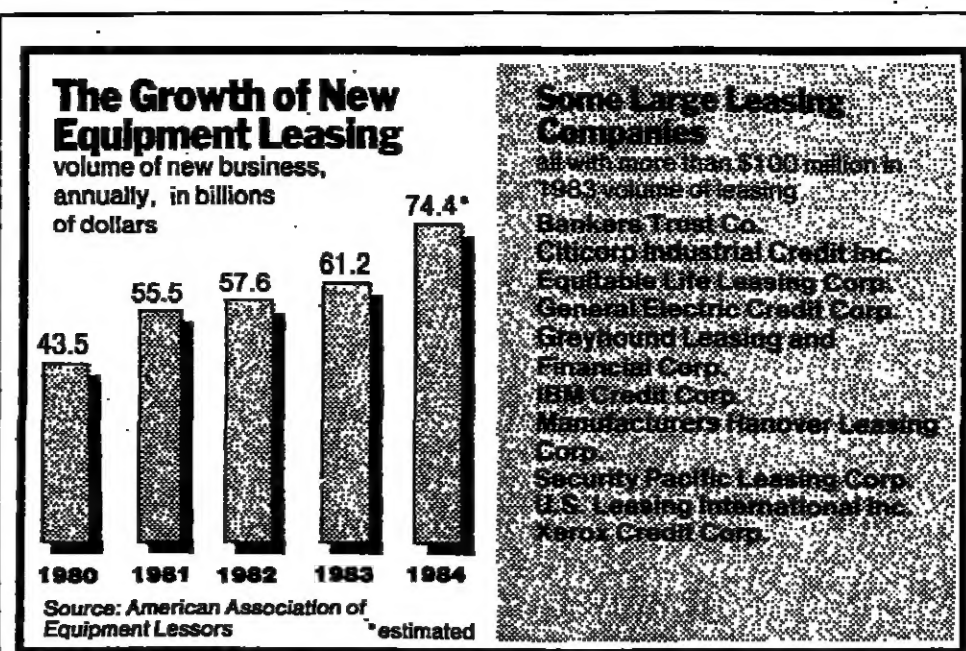
In a separate report, the Federal Reserve Board said that U.S. industrial production last month declined 0.5 percent after a rise of 0.3 percent in January and an increase of 0.1 percent in December.

Manufacturing production dropped 0.4 percent in February, following a rise of 0.1 percent in January and 0.2 percent in December, the Fed said. Mining production declined 2.3 percent in February and utilities output increased 0.1 percent, the Fed said.

The Fed said the February decline was partly the result of adverse weather, and economists said it also reflected efforts by businesses to reduce inventories, resulting in a cutback in production.

However, economists also said that the continuing strength of the dollar has caused imports to be cheaper than domestic goods and is resulting in a flood of foreign goods into the United States, which is holding back domestic production.

"The industrial production numbers for February, I think, tend to reflect more of an inventory correction than the strong trade deficit," said Jerry Jasnowski, chief economist for the National Association of Manufacturers.



U.S. Firms Turn to Lease Financing

Tax Write-Offs Spur Buying of Equipment for Rental

By Fred R. Bleakley  
New York Times Service

NEW YORK — Some of the strangest assets are showing up on the books of many large U.S. corporations. Food companies are suddenly buying oil rigs and computer companies are purchasing hay bales.

They are not on a buying binge for themselves, however. These corporations are among a group of new entrants in the booming business of lease financing — buying equipment for other companies that will rent the equipment back.

Olin Corp., a maker of chemicals, brass, ammunition and steel, went into the leasing business a few months ago and will buy virtually any type of equipment for its new customers: computers, drill presses, jet aircraft and everything but the walls and roof of a new steel mill.

Other newcomers to the field include United Technologies Corp., which formed a subsidiary last May to expand beyond leasing helicopters it makes, and major consumer goods companies such as Philip Morris, General Mills, General Foods and Pillsbury.

IBM also has branched out over the past year to take on its own books a potpourri of noncomputer items for lease to others.

"You can't go to a cocktail party these days without running into someone who is in the leasing business, or who wants to know how to get in," said Gary Wendt, executive vice president of General Electric Corp., the largest, and one of the oldest, leasing companies.

In just the past year, the number of equipment-leasing companies listed as members of the American Association of Equipment Lessors has jumped to 950 from 800.

The amount of new leases each year has jumped to an estimated \$74.4 billion in 1984 from \$43.5 billion in 1980, and Michael Fleming, president of the leasing association, expects it to approach \$88 billion this year.

A study by Brimmer & Co., a consulting firm, has noted: "Lease financing has expanded to the point where it is the most important single source of funds to support business expenditures for capital equipment."

The big appeal for many of the new entrants is lowering the parent company's taxes. Leasing companies can get the benefit of the 10 percent investment tax credit and accelerated depreciation write-off for the equipment placed with their customers.

The parent company of a leasing company that purchases a \$1 million piece of equipment, for instance, would be able to reduce its taxes by \$100,000 from the investment tax credit — and deduct from taxable income about \$142,000 in the first year for depreciation.

At the same time, the leasing company would be charging annual rents that would enable it to recoup most, if not all, of its costs before the lease is up.

The tax benefits are often multiplied on expensive items, such as airplanes and railroad equipment, which are the two largest leasing markets.

In such so-called leveraged lease financing, leasing companies turn to the banks for loans to pay more than half of the costs. But the leasing companies still receive all of the tax benefits, plus deduct the interest they pay on the loans.

Also, "it's an attractive business to be in," said Michael Allik, a group president of Dart & Kraft Corp., which has acquired two leasing companies in recent years.

Said William Strachan, president of Olin Financial (Continued on Page 9, Col. 5)

Growth in Japan Neared 10% in 4th Quarter

Economists at Nomura Research Institute said a decline in the value of the yen had bolstered the export-oriented manufacturing industries and helped sustain growth in exports.

The latest figures show that during the last quarter of 1984 Japanese electronics companies invested 80 percent more on new production lines than in the same 1983 period.

Machinery companies spent about 60 percent more and auto companies raised their capital spending about 25 percent.

But Japan may not be enjoying the same growth rate now, said Koichi Tokihara, a senior Sumitomo Bank economist. Both the growth in exports and investment in their production were slowing down and some companies in the first half of 1985 seemed to be investing less than they did at the same time last year, he said.

"Japan's 1985 growth rate will only be about 4.7 percent," he forecast.

Progress Reported at Talks

U.S. authorities have made progress in eliminating barriers to foreign participation in the Japanese telecommunications market, a senior U.S. official quoted by United Press International in Tokyo said Friday.

"We have not reached any definite conclusions. We have hopes," said W. Allen Wallis, undersecretary of state for economic affairs.

The Reagan administration has been pressing Japan to eliminate standards and regulations that will make U.S. participation in the market cumbersome and could give NTT, the Japanese telecommunications giant, a significant competitive edge.

A resolution in the Diet, the Japanese parliament, to denationalize NTT becomes law April 1.

U.S. officials are pushing for modifications in the new law before then and have warned that failure to eliminate red tape that hampers foreign entries could have serious repercussions in Washington.

Mr. Wallis said "there has been some progress made" in eliminating the barriers to foreign participation. "It's premature for us to make any specific statements about what steps the Japanese may take," he said.

Mr. Wallis said U.S. officials hope to see a written report from the Japanese outlining their response to nine specific U.S. proposals "within the next few days."

Besides telecommunications, the United States has targeted the Japanese markets for forest products, electronics, medical equipment and pharmaceuticals, where they hope to see U.S. products make inroads to pare down trade deficit that reached almost \$37 billion last year.

U.S. Proposes Easing of Rules on Sales to East Bloc

By Clyde H. Farnsworth  
New York Times Service

WASHINGTON — The Commerce Department, in a potentially significant concession to exporters, has proposed changes that might make it easier for U.S. companies to sell to the Soviet bloc.

The action on Thursday followed strong criticism from business groups, who have said that the elaborate apparatus of U.S. export controls often hinders American exporters without strengthening national security.

Commerce Secretary Malcolm Baldrige, who expects to lead the U.S. delegation to trade talks in Moscow this spring or summer, announced a proposed procedure for the department to gauge the availability of a product abroad.

U.S. companies have long maintained that the United States blocks exports of many products that the Soviet Union is able to buy easily in Japan or Western Europe.

Business representatives say the United States is injuring only itself by denying American companies business that foreign companies are eager for. They note that the United States is now running a trade deficit of more than \$100 billion.

The proposed change, which was to be published Friday in the Federal Register and to be open for comment for 60 days, could affect, for example, such goods as seismicographic equipment, weather-forecasting instruments, earth-moving equipment and oil-drilling material.

Until now, there has been a presumption that the department would block such exports to the Soviet Union.

Under the proposed new regulations, the products could be shipped if the exporter could show that similar goods from other industrial countries are available in "comparable quality and in such quantities that controlling them would no longer improve" U.S. national security.

Reaction of business representatives was welcoming but cautious. "We've heard it a million times before," said Lawrence A. Fox, vice president for international economic affairs of the National Association of Manufacturers.

STRATEGY INVESTMENT FUND S.A.

Société Anonyme d'Investissement  
Luxembourg, 37, rue Notre-Dame  
R.C. Luxembourg B 20093

Avis de convocation

Messieurs les actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire qui aura lieu le 26 mars 1985 à 15.00 heures dans les bureaux de la Kredietbank S.A., Luxembourg, 43, Boulevard Royal à Luxembourg, avec l'ordre du jour suivant:

Ordre du jour

- Examen des rapports du Conseil d'Administration et du Commissaire aux Comptes.
- Approbation du bilan et des comptes de résultats au 31 décembre 1984 et affectation des résultats.
- Décharge aux Administrateurs et au Commissaire aux Comptes pour l'année écoulée.
- Renouvellement du mandat du Commissaire aux Comptes.
- Nomination d'Administrateurs.

Le Conseil d'Administration

70 Savings Units Closed by Ohio To Stop a Run

Compiled by Our Staff From Dispatches

CINCINNATI — Governor Richard F. Celeste of Ohio on Friday ordered 70 state-chartered savings and loan associations closed for three days to halt a run on the institutions by thousands of depositors alarmed by the closure last week of one of Ohio's biggest thrift units.

The governor, invoking emergency powers for the unusual action, ordered the savings and loan institutions insured by the private, state-regulated Ohio Deposit Guaranty Fund closed Friday, Saturday and Sunday. The fund insures a percentage of the deposits at the 70 institutions.

The action, which freezes an estimated \$5.5 billion in deposits, is believed to be the first bank holiday declared by any state since the Great Depression. "It's certainly the first in a long, long time," said an official of the Federal Reserve Board in Washington.

The state Commerce Department said the order would not affect about 125 other state-chartered savings and loans, where deposits are insured by the Federal Savings and Loan Insurance Corp. "Ohio's agencies and legislature will need more time to work cooperatively with federal authorities and our own banking community to complete a practical plan that, in these circumstances, gives the best protection we can devise to ODGF savers," the governor said.

He said state officials will work throughout the weekend to devise a plan under which deposits in ODGF-backed institutions will be insured by the federal government.

The governor, flanked at a news conference here by state officials and Karen Horn, the president of the Federal Reserve Bank of Cleveland, said he planned for the savings and loans to reopen Monday, but indicated that the closure could last longer.

Asked whether the three-day holiday could be extended, he said: "I personally am reluctant to speculate on extension because I intend for all of us to use the next 72 hours as wisely as humanly possible."

But later, he said, "I don't believe we will reopen the institutions unless we have come forward with a plan that commands the confidence of the public."

The run began earlier this week after state regulators closed Home State Savings Bank in Cincinnati on Saturday and appointed a conservator to oversee the sale or liquidation of the 33-branch institution.

The closure followed a three-day run by depositors, which was triggered by reports that Home State stood to lose as much as \$100 million from its ties to the failed ESM Government Securities Inc. of Fort Lauderdale, Florida. The bank borrowed \$670 million from ESM and used securities as collateral.

Meanwhile, in Washington, the head of the Federal Home Loan Bank Board assured Ohio congressmen that any applications from the Ohio Deposit Guaranty Fund for federal deposit insurance would be expedited "as quickly as possible," sources said.

The governor's action, announced less than 90 minutes before most of the thrift institutions would have opened for business, followed a day of mounting concern at Cincinnati-area banks over runs on deposits.

Although state legislators acted this week to reassure depositors by creating a \$90-million deposit insurance fund separate from the Ohio Deposit Guaranty Fund, customers at Cincinnati-area institutions began lining up outside.

Dollar Rebounds After Early Drop In New York

United Press International

NEW YORK — The dollar plunged in early trading in New York Friday before rebounding late in the day.

The dollar, which had been trading at 3.4060 German marks, fell to 3.36 marks right after announcement that Governor Richard Celeste of Ohio had closed 70 state-insured savings-and-loan institutions to halt a "run" on deposits sparked by the problems of one savings bank.

"Europeans were concerned because they were not sure at first of the implications in the closing of the Ohio thrifts," said Daniel Holland, vice president at Discount Corp. of New York. "Their first reaction was to sell the dollar."

"The federal funds rate was high, at 8 1/2 to 9 percent and that ordinarily would have supported the dollar, especially with the smaller than expected decline in money supply Thursday," said William V. Sullivan, Jr., senior vice president at Dean Witter Reynolds. "Clearly, the dollar's drop was related to the Ohio thrift situation and not to money-market conditions."

In late trading in New York, the dollar rose to 3.3820 Deutsche marks, from 3.3780 late Thursday. It was at 10.330 French francs, unchanged from late Thursday. The pound rose to \$1.0830, compared with \$1.08.

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CAPITAL INTERNATIONAL FUND

Société Anonyme d'Investissement  
R.C. Luxembourg N° 83833  
43, Boulevard Royal, Luxembourg

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the Annual General Meeting which will be held at the offices of Kredietbank S.A., Luxembourg, 43, Boulevard Royal, Luxembourg, on March 26th, 1985 at 11.00 a.m. with the following agenda:

Agenda

- Reports of the Board of Directors and the Statutory Auditor.
- Approval of the Balance Sheet and the Profit and Loss Statements as of December 31, 1984.
- Amendments of articles 1, 3, 13, 14, 21, 23, 24, 29, 30 and 32 to the Articles of Incorporation of the Company.
- Declaration of a cash dividend.
- Discharge of the Directors and the Statutory Auditor.
- Receipt of and action on nomination of the Directors and the Statutory Auditor.
- Miscellaneous.

Shareholders are advised that there is no quorum requirement for the items 1, 2, 4, 5, 6 and 7 and the resolutions thereon will be passed at the simple majority of the shares present or represented at the Meeting, subject to the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of 1/5 of the shares issued or 2/5 of the shares present or represented at the Meeting.

Approval of item 3 of the above agenda will require a quorum of one half of the shares issued and outstanding and the affirmative vote of two thirds of the shares present or represented at the Meeting.

Holders of bearer shares may vote at the Meeting in person by producing at the Meeting either share certificates or a certificate of deposit which will be used to them against deposit of their share certificates with Kredietbank S.A., Luxembourg, 43, Boulevard Royal, Luxembourg.

Holders of bearer shares may vote at the Meeting by proxy by completing the form of proxy which will be made available to them against deposit of the share certificates as aforesaid.

Share certificates so deposited will be retained until the Meeting or any adjournment thereof has been concluded.

Holders of registered shares may vote at the Meeting either in person or proxy by completing the form of proxy which will be sent to them.

In order to be valid all forms of proxy must reach the registered office of the company at least one day before the date of the Meeting.

By order of the Board of Directors  
The Secretary



NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	127.25	126.67	126.25	-12.75	-12.75
AT&T	114.75	114.12	113.75	-11.12	-11.12
GE	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
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AMT	113.75	113.12	112.75	-10.12	-10.12

Dow Jones Averages					
Index	Open	High	Low	Close	Chg.
Indus	127.25	126.67	126.25	126.25	-12.75
Transp	114.75	114.12	113.75	113.75	-11.12
Comp	113.75	113.12	112.75	112.75	-10.12

NYSE Index					
Index	Open	High	Low	Close	Chg.
NYSE	127.25	126.67	126.25	126.25	-12.75
NYSE	114.75	114.12	113.75	113.75	-11.12
NYSE	113.75	113.12	112.75	112.75	-10.12

Friday's NYSE Closing					
Index	Open	High	Low	Close	Chg.
NYSE	127.25	126.67	126.25	126.25	-12.75
NYSE	114.75	114.12	113.75	113.75	-11.12
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AMEX Diaries					
Index	Open	High	Low	Close	Chg.
AMEX	127.25	126.67	126.25	126.25	-12.75
AMEX	114.75	114.12	113.75	113.75	-11.12
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NASDAQ Index					
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NASDAQ	127.25	126.67	126.25	126.25	-12.75
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## N.Y. Stock Price Fall Again

By Chet Currier

**NEW YORK** — The New York Stock Exchange closed out its second straight week of losses with another decline Friday, yielding to a barrage of selling in the final moments of trading.

The Dow Jones average of 30 industrials, off just a fraction heading into the last half hour of the session, closed with a 12.70-point loss at 1,247.35. For the week the average had a net decline of 22.31 points.

Friday's volume was 105.19 million shares, up from 103.35 million the day before. Losers outnumbered gainers by about 4 to 3.

Analysts said it appeared that professional traders caught up in complex transactions involving stock-index options were behind the selloff. They said they did not believe it had any link to the temporary closing of some Ohio savings institutions announced early in the day.

Richard Celeste, the governor of Ohio, ordered that about 70 privately insured savings and loans be closed for three days because of some reported runs on deposits.

The situation arose after one savings institution shut down because of losses associated with the collapse of a Florida investment firm, ESM Government Securities Inc.

The news touched off an apparent "flight to safety" in the credit markets, with heavy buying of short-term Treasury bills at the start of trading.

But Wall Street analysts pointed out that the great majority of banks and savings institutions around the country are covered by federal deposit insurance. They said there was nothing to

indicate that the banking system as a whole would be affected in any significant way.

Meanwhile, the market had some positive news on inflation working in its favor. The government reported that the producer price index of finished goods dropped 0.1 percent last month.

Stocks of most big banks and savings and loans showed only mixed and fractional price changes.

One exception was Texas Commerce Bankshares, which fell 3/4 to 36 1/4. The company said it expected its net income for the first quarter to come in at about 92 cents a share, down from \$1.41 in the comparable period a year ago.

It cited problem loans in the energy industry as a primary factor behind the earnings decline.

Losers among the blue chips included International Business Machines, down 1/2 at 123 1/2; DuPont, down 1/4 at 50 1/4; Merck, down 1/4 at 99 1/4; and Procter & Gamble, off 1/4 at 55.

K mart dropped 1/2 to 32 1/2 on top of a 1 1/2-point loss Thursday, when the company reported lower quarterly profits.

Thompson Medical, which estimated lower earnings for the quarter ended Feb. 28, fell 1 1/2 to 102 1/2.

The exchange's composite index dropped .65 to 102.46.

Nationwide turnover in NYSE-listed issues, including trades in those stocks on regional exchanges and in the over-the-counter market, totaled 122.19 million shares.

The NASDAQ composite index for the over-the-counter market rose .51 to 277.97.

At the American Stock Exchange, the market value index closed at 223.43, up .33.

Standard & Poor's Index					
Index	Open	High	Low	Close	Chg.
S&P	127.25	126.67	126.25	126.25	-12.75
S&P	114.75	114.12	113.75	113.75	-11.12
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Index	Open	High	Low	Close	Chg.
DJB	127.25	126.67	126.25	126.25	-12.75
DJB	114.75	114.12	113.75	113.75	-11.12
DJB	113.75	113.12	112.75	112.75	-10.12

AMEX Stock Index					
Index	Open	High	Low	Close	Chg.
AMEX	127.25	126.67	126.25	126.25	-12.75
AMEX	114.75	114.12	113.75	113.75	-11.12
AMEX	113.75	113.12	112.75	112.75	-10.12

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	127.25	126.67	126.25	-12.75	-12.75
AT&T	114.75	114.12	113.75	-11.12	-11.12
GE	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12
AMT	113.75	113.12	112.75	-10.12	-10.12

Dow Jones Averages					
Index	Open	High	Low	Close	Chg.
Indus	127.25	126.67	126.25	126.25	-12.75
Transp	114.75	114.12	113.75	113.75	-11.12
Comp	113.75	113.12	112.75	112.75	-10.12

NYSE Index					
Index	Open	High	Low	Close	Chg.
NYSE	127.25	126.67	126.25	126.25	-12.75
NYSE	114.75	114.12	113.75	113.75	-11.12
NYSE	113.75	113.12	112.75	112.75	-10.12

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Continued on Page 10



BUSINESS ROUNDUP

Aramco Cancels Bechtel Awards

**United Press International**  
SAN FRANCISCO — Bechtel Group Inc., the international construction company, has lost contracts worth \$2 billion to build two oil refineries in Saudi Arabia for the Arabian-American Oil Co.

Officials at Bechtel's headquarters in San Francisco said Thursday that they had been given no reason for the cancellation of the Aramco projects in Qasim and Ashuqah. These two refineries would have had a capacity of about 340,000 barrels of oil per day.

"Some personnel regretfully will be subject to layoff," Bechtel said, adding that the full impact of the decision would not be known until Bechtel officials meet with Aramco. Bechtel's revenue declined 39 percent, or \$8.6 billion, last year.

Ford to Make Microchips of New Material

**By Donald Woutar**  
*Los Angeles Times Service*  
LOS ANGELES — Ford Motor Co. says it will make and sell microchips made of gallium arsenide, a promising material that is expected to replace silicon in many types of integrated circuits.

Ford, which now designs and produces the manufacture of silicon-based chips for use in its own cars and aerospace products, will be the first high-volume producer of the new chips for sale on the open market.

Gallium arsenide can transmit electronic signals up to 10 times faster than silicon, making it attractive for powerful computers and other uses. It is expected to be used in the next generation of supercomputers in the United States and Japan.

However, experts say the material — a compound of the elements gallium and arsenic — is expensive and tricky to make into chips on a high-volume basis.

A gallium-arsenide wafer now costs \$200, or 15 times as much as a silicon one, Ford says.

Ford was to announce details of its production plans Friday when it opened a \$33-million factory in Colorado Springs, Colorado. The factory will be operated by its high-technology subsidiary, Ford Microelectronics Inc. Ford says the plant is the first designed for low-cost, high-yield production of gallium-arsenide circuits.

Silicon is the most commonly used conducting medium for microchips. One limit on the speed and capacity of memory devices is the speed at which a semiconductor permits electrons to travel through it.

Ultra-fast computers now on the drawing boards "are requiring performance levels that are out of the reach of silicon," said Anthony Livingston, sales and marketing vice president at Gigabit Logic Inc. of Newbury Park, California, the first company to specialize in production of gallium-arsenide chips for outside use.

Ford has become a major designer and producer of microchips for under-the-hood computers that control emissions, engine timing and other functions in cars. As the auto companies have gained expertise in electronics and industrial automation, they have been diversifying into high-technology areas.

S. Africa's GDP Rises

**Reuters**  
PRETORIA — South Africa's real gross domestic product rose by 4.7 percent in 1984 after falling 3.1 percent in 1983, the government reported Friday. Nonagricultural GDP rose 4.2 percent in 1984 after falling 1.6 percent in 1983, and agricultural GDP rose 13.7 percent after a 21.5-percent fall. Mining-sector GDP rose 2.6 percent in 1984, secondary industries 2.4 percent, manufacturing 3.1 percent and tertiary industries 5.6 percent, it said.

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HK Wharf Wins Battle for Wheelock

**Reuters**  
HONG KONG — Wheelock Marden & Co. said Friday that Hongkong & Kowloon Wharf & Godown Co. has obtained 50.1 percent of its voting rights and that John L. Marden had resigned as chairman.

Falwyn Co., an investment vehicle of Khoo Teck Pual, a Singapore businessman, withdrew from the takeover battle for Wheelock, its financial advisor, N.M. Rothschild & Sons (Hong Kong) Ltd., said. Falwyn will sell its stake of about 25 percent in Wheelock to HK Wharf.

Wheelock said Mr. Marden was replaced at a board meeting by Sir Y.K. Pao, who has a controlling interest in HK Wharf. Mr. Marden will be nominated to the new post of president and will remain a director.

HK Wharf is offering 7.40 Hong Kong dollars for each Wheelock A share and 74 cents for each B share. HK Wharf would have to pay a

total of slightly over 2.5 billion dollars (\$320 million) to acquire all Wheelock shares.

Wheelock A ended down 10 cents at 7.30 dollars Friday and B was last quoted at 73 cents.

Falwyn first made a bid of 1.9 billion dollars for controlling interest in Wheelock on Feb. 14. At the time, Mr. Khoo had bought 6.7 percent of the A shares and 22.7 percent of the B shares from the family interests of Mr. Marden. Falwyn offered remaining share-

AMC Delays Import of Renault Vans

**United Press International**  
SOUTHFIELD, Michigan — American Motors Corp. said Friday that it has indefinitely delayed the introduction of the Renault Espace minivan but will import a new line of Renault-made compact models.

A company spokesman said the minivan program was delayed because of price negotiations with

Veba Says Profit Rose 55% in '84

**Agence France-Presse**  
DUSSELDORF — Veba AG, West Germany's biggest industrial holding company, said Friday that its 1984 pretax profit rose 55 percent from a year earlier, to 575 million Deutsche marks (about \$170.1 million).

The group said it will pay a dividend of 9 DM per 50-DM share this year, up from 7.5 DM in 1983. In its 1984 interim report, the company also said that it transferred 4.89 billion DM to reserves in the year, up from 4.04 billion a year earlier.

Veba said its provisional net income for the year rose to 692 million DM from 472 million DM. The company, which is 30 percent owned by the federal government, is engaged in the production and distribution of electricity, hydrocarbons and chemicals.

Shamrock in Bid for Central Soya

**Los Angeles Times Service**  
LOS ANGELES — Shamrock Holdings, the private company owned by the Roy E. Disney family, has offered to acquire Central Soya Co., a major agricultural commodities company based in Fort Wayne, Indiana, for \$23 a share in cash, or \$289.5 million in cash.

Shamrock disclosed Thursday that it already owns 4.7 percent of Central Soya's 14 million shares outstanding, and said it has signed agreements to acquire another 5.9 percent from two investment groups.

Central Soya's chairman, Douglas G. Fleming, said he had not yet had an immediate comment.

At first glance, the bid appears out of character for Shamrock, whose other holdings consist of three television stations, eight radio stations, real estate and an investment portfolio.

But in a telephone interview, a

Shamrock spokesman, Clifford Miller, characterized the proposal as an "absolutely sincere bid." "Its core business is excellent," he said, explaining that Shamrock officials consider the long-term prospects of the soy bean business "awfully good."

Mr. Miller declined to disclose Shamrock's balance sheet or earnings, but he said the company is confident that it can arrange "traditional financing with some of the usual commercial banks," and also plans to bring in a "couple of equity partners" for the Central Soya acquisition. He said Shamrock has retained Lazard Freres & Co. as an adviser in the bid.

Although he would not identify Shamrock's prospective partners, Mr. Miller said the Bass family of Fort Worth, Texas, is not involved in the proposed takeover. The Disney and Bass families have substantial holdings in Walt Disney Productions, and worked together

last fall to install the studio's current management team. Roy E. Disney is a son of one of the studio's co-founders and currently serves as its vice chairman.

Central Soya reported sales of \$1.73 billion in the fiscal year ended Aug. 31, 1984, up from \$1.51 billion a year earlier. Earnings fell to \$21.87 million from \$25.30 million a year earlier.

Soybean processing and other commodity operations accounted for about 38 percent of the company's profits last year; feed and farm supplies for about 33 percent, and food products the remaining 29 percent. The company has diversified broiler processing plants and some underperforming operations.

Shamrock's announcement was made after the New York Stock Exchange had closed Thursday. Central Soya's shares closed at \$22 Friday, up \$2.75 on a volume of 514,000 shares.

6 Companies Receive NASA Contracts

**United Press International**  
WASHINGTON — NASA has awarded preliminary design contracts to six aerospace companies in a major step toward the development of the planned \$8-billion orbital space station.

In addition, the agency announced Thursday, it will negotiate with three other companies for one or more additional contracts.

The contracts will be for \$6 million to \$27 million, depending on the work to be done. They will run 21 months and will cover the initial design of the major elements of the space station.

The permanently manned orbital assembly, the next big U.S. space project, is expected to begin operation in 1993. It will be a modular station housing six to eight men and women at a time and will be serviced by space shuttles.

The work will be directed by four

National Aeronautics and Space Administration field centers: the Johnson Space Center, Houston; Lewis Research Center, Cleveland; Goddard Space Flight Center, Greenbelt, Maryland; and Marshall Space Flight Center, Huntsville, Alabama.

Boeing Aerospace Co. of Seattle and Martin-Marietta Aerospace Corp. of Denver each received a contract for the work directed by the Marshall center. That includes design of pressurized common modules for use as laboratories and living areas along with environmental control systems and propulsion systems. Each contract is expected to be for about \$24 million.

RCA Astro Electronics of Princeton, New Jersey, and General Electric's Space Systems Division, Philadelphia, were awarded contracts to perform studies of free-flying platforms, ways to ser-

A U.S. Boom In Leasing

**(Continued from Page 7)**

cial Services Inc., "It's just like banking: it's another way to make money."

There are, however, business judgments that can make or break a leasing company, such as determining the creditworthiness of customers, pricing the agreement and figuring out what the value of the equipment will be during and after the life of the lease.

Because of this, some leasing subsidiaries of large corporations minimize risk by entering into joint ventures with established players.

Florida Progress, the holding company for the Florida Power Corp., for instance, formed Progress Leasing Corp. last year, a corporation that could not use the investment tax credits available to it from the purchase of new equipment could sell those credits to another company.

From the customer's standpoint, leasing is appealing because there is an indirect return of the tax benefits through reduced rental costs. Many leases, especially those on lower-cost equipment, also allow the customer to claim the investment tax credit. The leasing subsidiary still gains in such cases because it prices the rental equipment at a profit, and the company can make money from reselling or leasing it again later on.

Leasing is especially popular for high-technology equipment.

Gorbachev And Bush

**(Continued from Page 7)**

weapons, but, over all, would I trade with Marshal Ogarkov? Not on your life."

Mr. Bush: "Is that why you got rid of Marshal Ogarkov?"

Mr. Gorbachev: "I thought this was supposed to be a constructive, nonpolemical discussion."

Mr. Bush: "It is. Back to the good old generalities. I believe we share a common interest in peace and social and economic development, right?"

Similar talks are needed on the other major items of the overlapping foreign policy-economic affairs agenda, which include:

- Relations with Japan, particularly vested by the \$45-billion Japanese trade surplus with the United States and the enormous Japanese capital outflow of \$50 billion to \$100 billion a year.
- Relations with Europe, exacerbated by the overstrong dollar, the big U.S. budget deficit, high interest rates and the European capital outflow to the United States, which is hurting their growth and worsening unemployment.

These painfully detailed and complex matters seem to bore top American policy-makers, who evidently agree with the dictum of Oscar Wilde: "One should absorb the color of life, but one should never remember its details. Details are always vulgar."

COMPANY NOTES

CBS Inc. has agreed to a \$42-million out-of-court settlement in a federal lawsuit charging that nine record companies, including CBS, had conspired to fix the price of records and pre-recorded tapes between 1971 and 1982. CBS admitted no wrongdoing.

Eastman Kodak Co. has made a cash tender offer for common shares outstanding of Verbatim Corp. at \$7.55 a share. It said the offer is conditioned on 22,382,000 of the 22,313,178 shares being tendered, and that the offer expires on April 5.

Exploration Co. of Louisiana has agreed in principle to acquire I. Texas Petroleum Co., which is listed on the London Stock Exchange. Exploration, a privately held company, said it would issue convertible preferred stock in exchange for all of I. Texas Petroleum's common shares. Terms were not given.

Exxon Corp.'s Esso Exploration & Production Australia Inc. has renewed its commitment to the Rumble oil-shale project in Queensland, the Australian partners, Central Pacific Minerals NL and Southern Pacific Petroleum NL, announced.

First City Bancorporation and Cullen/Frost Bankers Inc., two large Texas bank holding companies, have announced the cancellation of a \$20.7-billion merger that was announced in July 1983. A First City spokesman said the merger, which would have created the third-largest bank holding company in the state, had been called off because it was progressing too slowly.

General Electric Co. of Britain has bought a further 10.6 million of its own shares as part of its program to buy shares for cancellation. The shares were bought on the market at 196 pence (\$1.81) each.

GTE Corp. has announced the launching of a fully automatic disc camera that operates without a battery and that costs \$20. The new camera has a chemical flash that can be coordinated with the speed of the film and the shutter, GTE said.

ICI Australia Ltd. said it and a subsidiary, AFL Holdings Ltd., will try to acquire Incitec Ltd. ICI holds 45.4 percent of Incitec and will hold a majority stake in the merged company.

National Can Corp. said a suit filed by NVF Co., controlled by Victor Posner, a Miami investor, seeks to prevent the company from making a tender offer for 52.7 percent of its shares. NVF owns 38 percent of the company's outstanding voting stock, and made an unsuccessful offer earlier this year for a friendly merger.

Northern Foods PLC has agreed in principle to buy part of Grand Metropolitan PLC's Express Dairy UK Ltd. for about \$51 million (\$55 million), the companies announced. Northern is acquiring milk processing and distribution businesses in Lancashire, Yorkshire, Cheshire and Derbyshire.

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The success our readers have experienced is based upon the "law of contrary reason", the refusal to succumb to "expert" opinion. When the DOW was dropping below 795, C.G.R. defied universally publicized oracles, predicting that the "DJI WILL TOUCH 1,000, BEFORE HITTING 750", subsequently stating that the "Average" will rocket above 2000.

At the time, most financial publications mirrored the mood of the "Street", with BARRON'S commenting (August 9th, 1982)... "The market seems to be saying it's seen the future and it doesn't work". Before the ink dried on their funeral dirge, the market zoomed 132 points, closing on September 8th, 1982 at 915.

As mavericks, C.G.R. was considered heretical in recommending SEARS at \$16, and FORD around \$17, or in challenging investment banking behemoths. Perhaps our most riveting prophecy was furthered in July 1983, when we mocked the mania for "high tech" shares selling at bloated prices, writing... "CONTINUE TO EASE OUR OF APPLE \$58, COLECO \$50, COMMODORE \$58, AND TANDY \$54; the Quartet is not in harmony with reality". Current quotes? APPLE \$28, COLECO \$13, COMMODORE \$13, TANDY \$ 33. In detecting "classic" buys, or "short sales", our analysts flout the mania-depressive behavior of investors, guided by the adage... "Buy into weakness, sell into strength".

Our forthcoming letter reviews "senior" securities that appear to be logical morsels for predators. In addition, we focus upon a low-priced equity with the potential to mature into prominence, emulating the dossier of a recently recommended "special situation" that spiraled from \$2 to \$16 in a brief time span, a "junior" oil that discovered a major field in Texas.

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15 March 1985

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(d) - daily; (w) - weekly; (m) - monthly; (q) - quarterly; (a) - annually.

MANAGEMENT	148.22	ORANGE HASSAU GROUP	1.328
AMERICAN TRUST CO. INC.	1.328	PORT HAWKESBURY, Nova Scotia	1.328
(d) American Trust	1.328	Each day, a plant here takes 14 million gallons (53 million liters) of normal water and turns it into three or four 45-gallon batches of a substance called heavy water.	1.328
(d) American Trust	1.328	If it could be sold, each batch would fetch more than \$50,000. But there will be no sale: heavy water is a white elephant, as unmarketable as the nuclear reactors in which it is used.	1.328
(d) American Trust	1.328	A warehouse here holds nearly 7,000 stainless steel drums of the stuff, weighing more than 1,500 tons.	1.328
(d) American Trust	1.328	"If the industry ends, it ends, I guess," said Jim Amey, 34, as he performed the final stage of the process, using a tiny metal hose to fill another barrel. Mr. Amey, who has worked here since the plant opened 15 years ago, summed up this community's sentiments with some understatement: "Nobody's joyful," he said.	1.328
(d) American Trust	1.328	Indeed, 297 workers, among the highest paid in the area, stand to lose their jobs if the government-owned company that produces heavy water gets its way. Atomic Energy of Canada Ltd. has asked Parliament to close either this plant or another at Glace Bay, Nova Scotia, which employs 315. And, under the plan, production at the plant that is not closed would be suspended indefinitely.	1.328
(d) American Trust	1.328	The workers are trapped by the reduced demand for nuclear power and by an increasing national reluctance to bolster a sick regional economy with jobs costing taxpayers more than \$100,000 each.	1.328
(d) American Trust	1.328	Although the government of Prime Minister Brian Mulroney has yet to make a decision on the closing, most observers expect the new government's budget this spring to announce the shutdown of at least one of the plants.	1.328
(d) American Trust	1.328	The plants have made enough heavy water to supply the needs of more than three reactors indefinitely. Company officials say the unsold stocks are sufficient to satisfy any foreseeable market prospects for the next 10 years.	1.328
(d) American Trust	1.328	Heavy water differs from normal water in that it has an extra neutron in its molecular structure. It occurs naturally, one part for each 7,000 parts of normal water. Except for occasional small additions, one dose of heavy water is enough to keep a reactor running for its entire life. In nuclear reactors, flying neutrons bounce off heavy water much more easily than they do off normal water.	1.328
(d) American Trust	1.328	But today almost nobody is buying reactors, even the highly touted Candu model, which uses heavy water. (Most other reactors in the world, including those made by the United States, France and West Germany, operate with highly pressurized normal water.) Despite efficiency studies showing that five operating Candus rank in the top 10 in the world, none has been sold for three years, and future prospects are not encouraging.	1.328
(d) American Trust	1.328	In a somber analysis two years ago, the Canadian government warned that the nuclear industry was in deep trouble. In a recent interview, Norman Aspin, president of the Canadian Nuclear Association, said that his industry is simply "hanging on," hoping for new orders.	1.328
(d) American Trust	1.328	Hanging on and hoping is what people have been doing for years amid the craggy beauty of Cape Breton Island, which is connected by a causeway to mainland Nova Scotia. Here in Port Hawkesbury, the dreamers 20 years ago thought this would be a city of 40,000 or more.	1.328
(d) American Trust	1.328	Instead, it is one-tenth that size, and shrinking. A four-lane street that was built in the expectation that it would run through the center of town remains at the eastern edge. The unemployment rate is at least 20 percent.	1.328
(d) American Trust	1.328	One oil refinery opened and closed. Another was promised, even celebrated at a gala, but was never built. The adjoining Strait of Canso never became a super port, despite politicians' promises.	1.328
(d) American Trust	1.328	Now about all that is left is the heavy-water plant. And Canada's heavy-water program seems, in a sense, a victim of its own success. In the early 1960s, Candu sales were racing along at such a pace that officials were considering the unpleasant prospect of buying heavy water from the Soviet Union. Then, two private companies ex-	1.328

## Nuclear-Plant Downturn Hurts a Canada Industry

By Douglas Martin  
New York Times Service

PORT HAWKESBURY, Nova Scotia — Each day, a plant here takes 14 million gallons (53 million liters) of normal water and turns it into three or four 45-gallon batches of a substance called heavy water. If it could be sold, each batch would fetch more than \$50,000. But there will be no sale: heavy water is a white elephant, as unmarketable as the nuclear reactors in which it is used. A warehouse here holds nearly 7,000 stainless steel drums of the stuff, weighing more than 1,500 tons.

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The workers are trapped by the reduced demand for nuclear power and by an increasing national reluctance to bolster a sick regional economy with jobs costing taxpayers more than \$100,000 each.

Although the government of Prime Minister Brian Mulroney has yet to make a decision on the closing, most observers expect the new government's budget this spring to announce the shutdown of at least one of the plants.

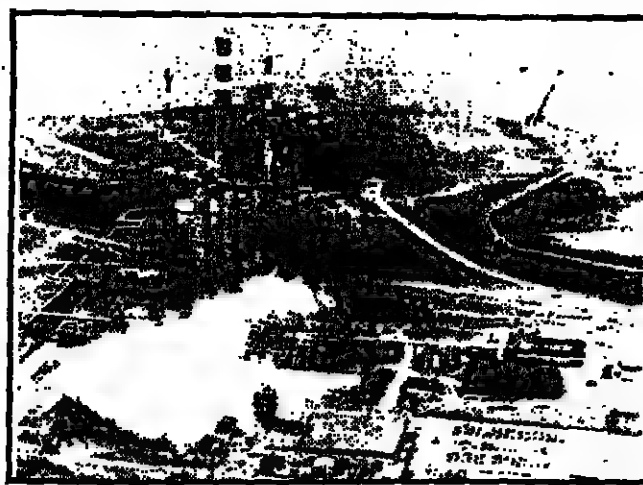
The plants have made enough heavy water to supply the needs of more than three reactors indefinitely. Company officials say the unsold stocks are sufficient to satisfy any foreseeable market prospects for the next 10 years.

Heavy water differs from normal water in that it has an extra neutron in its molecular structure. It occurs naturally, one part for each 7,000 parts of normal water. Except for occasional small additions, one dose of heavy water is enough to keep a reactor running for its entire life. In nuclear reactors, flying neutrons bounce off heavy water much more easily than they do off normal water.

But today almost nobody is buying reactors, even the highly touted Candu model, which uses heavy water. (Most other reactors in the world, including those made by the United States, France and West Germany, operate with highly pressurized normal water.) Despite efficiency studies showing that five operating Candus rank in the top 10 in the world, none has been sold for three years, and future prospects are not encouraging.

In a somber analysis two years ago, the Canadian government warned that the nuclear industry was in deep trouble. In a recent interview, Norman Aspin, president of the Canadian Nuclear Association, said that his industry is simply "hanging on," hoping for new orders.

Hanging on and hoping is what people have been doing for years amid the craggy beauty of Cape



A Canadian government heavy-water plant in Nova Scotia. The plant has a huge unsold inventory and may be closed.

Breton Island, which is connected by a causeway to mainland Nova Scotia. Here in Port Hawkesbury, the dreamers 20 years ago thought this would be a city of 40,000 or more.

Instead, it is one-tenth that size, and shrinking. A four-lane street that was built in the expectation that it would run through the center of town remains at the eastern edge. The unemployment rate is at least 20 percent.

One oil refinery opened and closed. Another was promised, even celebrated at a gala, but was never built. The adjoining Strait of Canso never became a super port, despite politicians' promises.

Now about all that is left is the heavy-water plant. And Canada's heavy-water program seems, in a sense, a victim of its own success. In the early 1960s, Candu sales were racing along at such a pace that officials were considering the unpleasant prospect of buying heavy water from the Soviet Union. Then, two private companies ex-

## EC Economic Growth Was 2.4% for 1984

Compiled by Our Staff From Dispatches

BRUSSELS — Economic growth in the European Community was 2.4 percent last year, slightly higher than expected but lower than growth rates in other major industrialized nations, the EC Executive Commission said Friday.

In a summary of recent economic trends in the world's largest trading bloc, the commission said that gross national product for the 10 member nations grew by an average of 2.4 percent in 1984, compared with a 1.0-percent gain the previous year and a 0.5-percent increase in 1982.

Gross national product is the total value of all goods and services produced. The figures cited by the EC were adjusted for inflation.

The commission said that last October had projected a 2.2-percent increase in economic growth for 1984.

Even with the added growth last year, economic activity in the EC remained markedly slower than in many major industrialized nations. The U.S. economy grew by 6.8 percent last year, Japan recorded a 5.6-percent expansion and growth in Canada was 4.6 percent.

The Commission slightly increased its forecast of economic growth in the EC for 1985, but said unemployment would continue to rise.

The commission revised its growth prediction for 1985 from 2.3 percent to 2.4 percent. But it said 1985 would see a further rise in unemployment, mainly because of new job losses in manufacturing.

Unemployment was forecast to average 11.2 percent of the bloc's work force as against 10.9 percent in 1984.

Inflation however should be lower, with an easing in pressure from import prices and labor costs. The commission said it expected prices to rise 5.1 percent this year after increases of 7.6 percent in 1983 and 6.1 percent in 1984. (AP, Reuters)

■ EC Steel Output Stable

Steel production in the European Community, excluding Greece, amounted to a little more than 9.7 million metric tons (10.67 short tons) in January, about the level of a year earlier, according to figures released Friday by the EC statistics office.

Agence France-Presse reported from Brussels that output was down 0.9 percent from December 1984, according to the seasonally-adjusted figures. Forecasts for February confirmed that production was stagnating.

Production by country was: West Germany, 3.31 million metric tons; Italy, 1.99 million tons; France, 1.55 million tons; Britain, 1.14 million tons; Belgium, 868,000 tons; the Netherlands, 479,000 tons; Luxembourg, 320,000 tons; Denmark, 41,000 tons; and Ireland, 16,000 tons.

## British Steel Loses Appeal Of U.S. Tariff

Washington Post Service

WASHINGTON — A federal court has ruled that the British government's investments in British Steel Corp. are subsidies and that products made and exported with those subsidies are subject to countervailing duties on their arrival in the United States.

Supporters praised the decision, saying that it gives domestic industries a new weapon in their effort to limit foreign penetration in home markets. Opponents said it would raise another barrier to free trade.

The ruling by Senior Judge Bernard Newman of the U.S. Court of International Trade in New York City upholds a 1983 finding by the International Trade Administration that British Steel, in effect, held an unfair competitive advantage over U.S. companies because its operations were subsidized by the British government.

To compensate for that advantage, the trade administration ruled that exports of British Steel's specialty steel products to the United States should be subjected to a 19.3-percent tariff based on the amount added to those products by subsidies. Specialty steels include stainless steel sheet and plate, among other products.

British Steel appealed to the Court of International Trade in July 1983.

Judge Newman late last week rejected British Steel's appeal. But he said he would hold the 19.3-percent tariff rate in abeyance until the International Trade Administration provided more information about how it arrived at that figure.

## Tenneco Reports Tentative Plans to Buy International Harvester Units in Europe

The Associated Press

CHICAGO — Tenneco Inc. says it has tentative plans to buy International Harvester Co.'s remaining farm-equipment subsidiaries in Europe, which would intensify its competition with Deere & Co.

The announcement was made Thursday as Deere, the industry leader, said it was cutting 600 more people from its salaried work force in Iowa and Illinois.

Tenneco said it would buy International Harvester's units in France, West Germany and Denmark if it can negotiate satisfactory financing arrangements and labor concessions to cut operating costs.

The Houston-based company recently bought most of International Harvester's farm-equipment assets in North America and Britain and merged them into its IJ Case Co. tractor unit.

Tenneco's chairman, James L. Keetelsen, has said the company would not be interested in acquiring the European units of International Harvester if the world force in France cannot be scaled back. A source at Tenneco said Thursday that that remained the significant obstacle to the sale.

## INTERNATIONAL POSITIONS

### INTERNATIONAL ACCOUNT MANAGER

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## INTERNATIONAL POSITIONS

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Total fluency in written and spoken English is essential; knowledge of Arabic would obviously be an advantage. Previous overseas experience would be useful, especially where experience has been gained of joint venture projects and/or technology transfer. Those under the age of 35 are unlikely to have had sufficiently wide and varied experience.

In addition to the salary paid free of tax in Saudi Arabia, the successful candidate will be offered an excellent benefits package which includes — performance and end of contract bonuses — free housing and utilities — leased car — generous leave and leave fare provisions — free medical treatment — overseas school fee and student travel benefits — first class recreation facilities. Initial appointments will be for a period of two years, renewable by mutual agreement.

Interviews will be held in London and possibly in Europe in late April/early May. Please reply with a full curriculum vitae, including current compensation level. Your application will be forwarded direct to our client. List separately any organizations to whom your application should not be sent. B. G. Woodrow ref. CD, 1944.

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**BY JOHN MCCARTHY SAMSON**

100



## SPORTS

Luton's Soccer Riot  
May Lead London to  
Stricter Laws

**The Associated Press**  
LONDON — Prime Minister Margaret Thatcher has intervened in an effort to end the violence of British soccer following the riot London's Luton Millwall supporters when their team lost to

Leeds, the prime minister's Football Association, the controlling body, a week in a report to Sports Minister Neil MacFarlane on how to deal with violence soccer fans.

Then plans a meeting with officials to discuss the report, MacFarlane told the House of Commons.

Guardian newspaper said a ban on sales at soccer grounds and measures against soccer with violent supporters will be on the prime minister's agenda after the rampage Wednesday.

Luton, 25 miles (40 kilometers) from London.

hundreds of the 8,000 Millwall fans at the contest battled

ripped up stadium seats, d cars and house windows

acked a train taking them

fter Luton won, 1-0, to take

am out of the FA Cup con-

est.

said at least 47 persons,

g 31 police, were injured in

It broke out inside the

and spilled over into sur-

rounding streets as the game ended.

made 33 arrests in what

officials called one of the worst

nights of soccer violence in Britain.

Luton's chief executive, John

Smith, vowed his team would never

again play Millwall. "We have to

make a stand," he said. "When

there is a threat to our public, we

will pull out of matches, even if it

means forfeiting points."

Millwall officials said they were

"shattered" by Wednesday's violence

and issued a statement blaming

ing "a few hundred animals."

At one stage, the match was halted

for 25 minutes, and the two

teams fled to the dressing rooms.

Police, heavily outnumbered, were

beaten back but regrouped and

cleared the field. After play re-

sumed, a six-inch knife was thrown

at Luton's goalkeeper, Les Sealey.

After inflicting damage estimated

at £15,000 (about \$16,000) inside

the stadium, hundreds of fans

— many of them apparently drunk

— charged through neighboring

streets and terrorized households.

John Howarth said only curtains

stopped wooden planks from hur-

ling through his front windows.

"We have had gangs shouting and

brawling in past, but nothing like

this," he said. His wife added, "I

would flog the devils until they

have to beg for mercy."

Then, on a train back to London,

fans ripped up carriage seats,

smashed lights and mirrors. In 30

minutes, they did about \$48,600 in

damage, officials said.



Bill Martin got squeezed by Lehigh players, but his Georgetown team opened a big lead in its first-round game of the NCAA basketball tournament and triumphed, 68-43.

## Top Teams Win NCAA Openers

**The Associated Press**

Form held true for the most part as the NCAA basketball tournament got under way Thursday with top-ranked Georgetown beginning defense of its national title on a 68-43 victory over Lehigh behind the sharpshooting of Reggie Williams and David Wingate.

The Hoyas held a 28-point lead at halftime of their first-round game, then coasted to their Eastern Regional victory at Hartford, Connecticut. Lehigh, at 12-19, was the only team in the field of 64 with a losing mark.

"After we got up, it was difficult to maintain a certain level of concentration," said Georgetown's coach, John Thompson. "It's tough, when you have a lead like that, to keep that team-oriented defense."

In Saturday's second round, the Hoyas face Temple, a 60-57 winner over Virginia Tech. In other East games, Loyola of Chicago beat Iowa, 59-58, and Southern Methodist beat Old Dominion, 83-68.

In the Southeast Regional, at South Bend, Indiana, North Carolina beat Middle Tennessee State, 76-57; Kansas defeated Ohio University, 49-38; Auburn beat Purdue, 59-58, and Notre Dame held off Oregon State, 79-70.

In the Midwest Regional, at Tulsa, Oklahoma, fourth-ranked Oklahoma beat North Carolina A&T, 96-83; Louisiana Tech crushed Pittsburgh, 78-54; Ohio State beat Iowa State, 75-54, and Illinois State defeated Southern California, 58-53.

In the West Regional, at Salt Lake City, Utah, No. 3 St. John's edged past Southern University, 83-59; Nevada-Las Vegas outlasted San Diego State, 85-80; Arkansas beat Iowa, 63-54, and Kentucky defeated Washington, 66-58.

## There Are Few Limits for True Fans

**The Associated Press**

GRAND RAPIDS, Michigan — Not everyone would drive 670 miles in search of NCAA tournament basketball tickets, but Elmer VanBeek said, he's just a typical Michigan Wolverines fan.

VanBeek, 63, a retired electrical engineer and 1948 graduate of the university, said he "dropped everything" when the University of Dayton ticket office in Ohio told him Tuesday morning that tickets to Michigan's NCAA Southeast Regional contest Friday night would be available for only six hours.

"Some people might think it was foolish to drive so far for basketball tickets, but those people wouldn't understand anyways," VanBeek said Wednesday. "Real Michigan basketball fans will understand."

He said he reached the ticket office with 45 minutes to spare. He was back home at 8:45 p.m., 11 hours and 670 miles later. And facing another round trip to the game.

Williams and Wingate each had 14 points and Patrick Ewing 11 for Georgetown. The 7-foot Ewing had blocked four shots by halftime as Georgetown dominated the game.

Granger Hall scored 22 points and had 13 rebounds for Temple as Virginia Tech was held to nearly 25 points under its average. Perry Young, Tech's leading scorer, did not start the game.

Alfred Hughes scored 24 points and Loyola won when Iowa's Tony Hargrave missed a free throw with three seconds left.

Carl Wright led a balanced attack with 18 points as SMU pulled away from Old Dominion, whose Mark Davis scored 32 points on 14-of-22 shooting.

Calvin Thompson's 12 points led Kansas over Ohio University, which slowed the game with a spread offense.

Chris Morris's tie-breaking free throw with 14 seconds got Auburn past Purdue. Morris scored 19

points, while Chuck Person led the Tigers with 20.

Purdue tied the score at 58 on a basket by freshman Troy Lewis with 55 seconds left. After a time-out, Auburn held for one shot and Morris was fouled by Purdue's Mark Atkinson. He missed the second of his two free throws, but Purdue's James Bullock missed a short turnaround jumper with two seconds left.

Brad Daugherty scored 25 points as North Carolina beat Middle Tennessee. The Tar Heels trailed, 45-44, with 11:23 to play but Daugherty scored eight of his team's next 12 points and the Tar Heels pulled away.

Freshman guard David Rivers darted through Oregon State's defense for 21 points and helped Notre Dame withstand a second-half rally. Oregon State closed behind A.C. Green, who had 26 points, and tied at 56 with 6:11 to go. Rivers, who until then had not scored in the second half, got eight

of Notre Dame's next 10 points and the Irish opened a 68-61 lead with 2:41 to go.

Ronnie Stokes' three-point play with 17:26 left began Ohio State's 10-2 run that beat Iowa State. Stokes finished with 21 points.

Robert Godbolt scored 17 points and Willie Bland 16 as Louisiana Tech defeated Pitt with the help of 14 straight points midway through the second half.

Wayman Tisdale got 28 points and 12 rebounds as Oklahoma beat North Carolina A&T. The 6-9 Tisdale, closely checked by an Aggie team whose tallest player is 6-6, got 12 of his points on three-point plays.

Michael McKenny sank six free throws in the last two minutes to help Illinois State defeat Southern Cal.

Walter Berry scored 24 points as St. John's overcame a slow start to beat Southern. Bill Washington added 23 points and all-America Chris Mullin had 21 for the Red-men.

Arkansas rallied to beat Iowa behind center Joe Kleine, who scored 15 of his 25 points in the second half, and grabbed 14 rebounds. Iowa led by as many as 11 points early in the last half, then went cold.

Sophomore Armon Gilliam scored 21 points and Anthony Jones got 18 as Nevada-Las Vegas withstood foul trouble to defeat San Diego State.

Kenny Walker got 29 points as Kentucky, making 17 of 21 free throws in the last four minutes, ended the 40-year college coaching career of Washington's Marv Harshman. Harshman, 67, finished seventh in career victories with 642, plus 448 losses.

NIT Tourney:  
Close Calls

**The Associated Press**

Virginia, Tennessee and St. Joseph's, Pennsylvania, all won tense contests Thursday night as the National Invitation Tournament swung into high gear with 10 first-round games.

Darrell Simms' three-point play with 35 seconds left gave Virginia a 56-55 victory at West Virginia, and Tennessee's Fred Jenkins scored on a tip-in with 14 seconds left to beat Tennessee Tech, 65-62. St. Joseph's Rodney Blake tipped in a desperation shot at the buzzer to beat Missouri, 68-67. The Tigers, trailing by 17 at halftime, took the lead with five seconds left.

Reggie Miller's game-high 21 points helped UCLA beat Montana, 78-47, and Mitch Arnold's 20-foot jump shot with 18 seconds left in the third overtime gave Fresno State a 79-76 victory over Santa Clara.

In other games, it was Louisville 77, Alcorn State 75; Cincinnati 77, Kent State 61; Southwestern Louisiana 65, Florida 64; South Florida 77, Wake Forest 66 and Marquette 77, Bradley 64.



Henry Smith of Ohio University found a way through Cedric Hunter, 22; Danny Manning, 25, and Greg Dreiling, 30. Kansas, however, found a bigger hole in Ohio's spread offense.

Clippers' Victory Ends  
Long Wait for Coach

**The Associated Press**

INDIANAPOLIS — After five straight losses since taking over as coach of the Los Angeles Clippers on March 6, Don Chaney was wondering what had happened to the adage that a team plays better after getting a new leader.

"I felt like a hex," Chaney said after the Clippers ended an 11-game losing streak by edging the Indiana Pacers, 113-112, Thursday night. "You get a little punchy after a while. You lose so many that you should win until, even though you feel positive, at times you begin to wonder."

The National Basketball Association season is so long that even the best coaches realize they will have to absorb some losses. But, said Chaney, an assistant coach with the Clippers before taking over for the fired Jim Lynam, "I hate losing."

"You play so many games that they say you shouldn't linger on a loss too long. But because I've just gotten involved as a head coach, I let it get to me."

His first victory wasn't assured until after James Donaldson put the Clippers ahead on a six-footer with two seconds left.

In other games it was New York 106, Chicago 97; Atlanta 120,

NBA FOCUS

Golden State 112 and San Antonio 100, Seattle 93.

Chaney said his team's last shot was supposed to be taken by Derek Smith, who led the Clippers with 22 points, or veteran forward Marques Johnson.

"We wanted to clear out for Marques one-on-one," Chaney said. "Marques got the ball, put it on the floor and they doubled him. He kicked it back to James."

Indiana Coach George Irvine said the Pacers' guard, Jim Thomas, almost knocked the ball away. But the 7-foot-2 Donaldson, the NBA's leading field-goal percentage shooter, got control and made his shot. Donaldson finished with 12 points, 14 rebounds and five blocked shots.

## SPORTS BRIEFS

## Miami, New Orleans Get Super Bowls

PHOENIX, Arizona (AP) — The National Football League owners Thursday to award Super Bowl XXIII, in 1989, to Miami and the city's game to New Orleans. They discussed awarding Super Bowl XXIV to a northern city with a domed stadium, but tabled further until they meet in May in Chicago.

Mayor Rudy Perpich, who attended the meeting with a disappointed delegation, called the awarding of two more games to cities in the "unfair." "Next stop, Tyusana," he said.

I call for Super Bowl XXXIII to be played in the stadium that Joe the managing general partner of the Miami Dolphins, intends to build if it is not completed in time, the game will be played in the Orange Bowl where four previous Super Bowls have been played.

## Holmes, Bey Trade Jabs Outside Ring

VEGAS (UPI) — Heavyweight champion Larry Holmes and Mike Tyson, who have a less than cordial relationship outside the ring, traded angry words Thursday at their weigh-in for Friday night's fight.

asked about cuts he sustained in his last bout, a victory over Greg Sid, "I got cut because I went swimming before the fight and my suit was wet."

"You're going to bleed, but not because of swimming," Holmes said. "You're going to bleed because you're a half-breed."

The son of a black father and white mother, shouted back at the champion: "Larry, you're old and senile. I'd fight you for nothing."

## Royals Agree to Lifetime Pacts

JACKSONVILLE, Florida (AP) — The Kansas City Royals have reached a deal with outfielder Willie Wilson. "There is nothing signed yet," said manager Dan Quisenberry. "But when I shake hands with Dan Quisenberry and his executives, and we say we have an agreement, I'm assuming we have an agreement."

## Germany to Host European Cup

BERLIN (AP) — West Germany will host the 1988 European Cup championships, awarded by a vote of the European Soccer executive committee. England, West Germany's rival to host the 1990 World Cup, was defeated 2-1 by West Germany in a friendly match.

Berlin will not host any cup matches, although both government and opposition politicians in Bonn had demanded that there be no cup games on the issue.

Helmut Benthaus said he would quit as coach of the German soccer team, VfB Stuttgart, at the end of the season. Benthaus, 49, cited two factors: the expiration of his contract with the sixth-place club's management.

By the Bonn government's spokesman, Peter Boenisch, said "the government deplors this decision" to exclude West Berlin.

Sweden Davis Cup Match Reset

STOCKHOLM (AP) — Chile and Sweden will play their delayed world tennis Davis Cup match at Santiago during the week of April 14-15. The match was postponed last weekend because of a strike by Chilean tennis players.

## SCOREBOARD

## Basketball

## NBA Standings

**EASTERN CONFERENCE**

**Atlantic Division**

Philadelphia 42-38

New York 41-39

Washington 39-41

New Jersey 38-42

**Central Division**

Chicago 46-36

Cleveland 45-37

Indiana 44-38

Pittsburgh 43-39

**Pacific Division**

Los Angeles 42-38

Phoenix 41-39

Portland 40-40

Sacramento 39-41

Seattle 38-42

**WESTERN CONFERENCE**

**Midwest Division**

Denver 42-38

Houston 41-39

Dallas 40-40

San Antonio 39-41

Utah 38-42

**NBA Standings**

**Atlantic Division**

Philadelphia 42-38

New York 41-39

Washington 39-41

New Jersey 38-42

**Central Division**

Chicago 46-36

Cleveland 45-37

Indiana 44-38

Pittsburgh 43-39

**Pacific Division**

Los Angeles 42-38

Phoenix 41-39

Portland 40-40

Sacramento 39-41

Seattle 38-42

**WESTERN CONFERENCE**

**Midwest Division**

Denver 42-38

Houston 41-39

Dallas 40-40

San Antonio 39-41

Utah 38-42

## NCAA Tournament

**EAST REGIONAL RESULTS**

Georgetown 68, Lehigh 43

Temple 60, Virginia Tech 57

Loyola 59, Iowa 58

Southern Methodist 83, Old Dominion 68

March 15 games, at Atlanta:

Illinois 54-5, Northwestern 23-8

Georgia 21-6, Wichita St. 19-12

Syracuse 21-6, DePaul 19-9

Georgia Tech 34-7, Mercer 22-8

March 16 games, at Houston:

Memphis St. 23-5, Pennsylvania 13-13

Ala.-Birmingham 24-6, Michigan St. 19-9

**SOUTHEAST REGIONAL RESULTS**

First Round

North Carolina 76, Middle Tennessee 57

Notre Dame 79, Oregon St. 75

March 15 games, at Dayton, Ohio:

Louisiana St. 19-9, Navy 25-1

Maryland 29-11, Miami Ohio 28-10

Michigan 26-5, Fairleigh Dickinson 21-9

Villanova 19-10, Dayton 19-9

**MIDWEST REGIONAL RESULTS**

First Round

Ohio St. 75, Iowa St. 64

Louisiana Tech 78, Pittsburgh 54

Oklahoma 96, North Carolina A&T 83

Illinois 54, Southern California 53

March 16 games, at Richmond:

Memphis St. 23-5, Pennsylvania 13-13

Ala.-Birmingham 24-6, Michigan St. 19-9

**WEST REGIONAL RESULTS**

First Round

New Mexico 86, Texas A&M 6



## ART BUCHWALD

## A Million-Dollar Home

WASHINGTON — There was a great deal of excitement in our neighborhood last week. The first house advertised to sell at more than a million dollars was put up for sale.

Most of the homes in our area were built in the '40s and '50s and originally sold for \$30,000 to \$50,000. Over the years they have increased in value, but no one ever dreamed that one of them would ever be advertised for a million.

Trembling, who reported the news to me, said, "I knew someone would break the six-figure barrier sooner or later, but I never thought it would be Ed Hurwitz."

"I can't believe Hurwitz is asking a million for his lean-to. I don't think he paid more than \$63,000 for it 10 years ago."

"I saw the ad in the paper this morning. I said, 'Historical miniature, located in one of the most prestigious neighborhoods in Washington. A once-in-a-lifetime opportunity for that special affluent family who wants more from a home than just a place to live. Offered at \$1,450,000. Within walking distance of the White House.'"

I said, "It's a joke. It has to be a joke."

"Oh yeah? You should see the lineup of cars in front of the house."

Out of curiosity we decided to wander over to Hurwitz's house. Sure enough, there were Mercedes-Benzes, BMWs, Jaguars, Lincolns and chauffeured Cadillacs parked all along the street. Women in fur coats stood in line waiting to get in, and Hurwitz passed out a mimeographed sheet describing the features of the house. This included "antique lighting fixtures, a wet bar in the basement, contemporary library with original moldings, and a state-of-the-art laundry room."

"What a turnout," I said to Hurwitz.

"It even surprised me," he said, "but not the real estate agent. She said the only way to keep out the bargain-hunters and attract the upper-bracket crowd is to ask for

more than a million dollars for your house."

"Are they disappointed when they arrive?"

"They don't seem to be," Hurwitz said. "They figure if you're asking over a million there's got to be more to it than they can see. Besides, people who can pay prices like that want to gut the structure anyway, and spend another million to make it 'livable.' One of the big attractions of this place is they can throw out everything in the house and not feel guilty about it."

Hurwitz took Trembling and me inside.

"You didn't even paint it," I said.

"Why paint it? Whoever is going to buy it will only repaint it. Women's eyes light up when they see this joint and they can hardly wait to call their decorator. The one thing I learned in selling a house for a million bucks is the less you offer somebody the more chance you have of getting them to buy it."

We went into the kitchen. There was a 1960 gas stove, a 1970 refrigerator, a scarred wooden table, two chairs, and a spice shelf that Hurwitz had gotten with trading stamps.

One of the women said to the other, "It's utterly charming. You don't see kitchens like this anymore."

The second woman said, "It's a dream. You can start from scratch and do anything you want with it."

When we got back into the living room I said, "I wouldn't believe it if I hadn't seen it with my own eyes. The people are actually salivating to buy this junk of junk."

Hurwitz seemed offended. "It may be a junk of junk to you, but for the people who came here today it's the dream they worked for all of their lives."

"Hey, wait a minute," Trembling said. "If you get one million four hundred thousand for this wreck that means all our homes in the neighborhood will be reassessed for tax purposes and we'll be paying for your scam."

"I originally asked \$100,000 for the house and had no bites. Now that I'm asking for a million I can't keep people from kicking down the door."

## The Fiction Touch of Simone Signoret

By Marilyn August

PARIS — Simone Signoret may be losing her eyesight, but the husky-voiced actress and writer has not lost her touch.

Signoret, 63, whose myriad film roles include the sardonic older woman in "Room at the Top" and an aging prostitute in "Madame Rosa," has topped France's best-seller list with a poignant novel tracing the lives of two families of Jewish immigrants from 1921 through 1944.

"Adieu Volodia," her first novel (the 1977 memoir "Nostalgia Isn't What It Used to Be" was a best seller in several languages), was published by Fayard in late January.

By the time Signoret completed revisions on the 566-page manuscript, she no longer could decipher her own handwriting because of a deteriorating retina condition.

"I've always recognized the connection between the mind and the body," she told the critic Pierre Desnoes in a recent magazine interview. "My eyes held out until I finished the novel. I had the feeling they needed a vacation, but, unfortunately, they haven't come back."

The novel is built around historical landmarks, including the assassination of Simon Perle, the former Ukrainian general who organized pogroms against thousands of Polish Jews after World War I.

"Adieu Volodia" is a portrait of struggling immigrants who flee persecution in one country only to face it 20 years later in another. Olga and Sonia are Yiddish-speaking seamstresses who turn their one-room Paris sweatshop into a money-making costume cooperative. Their husbands, Stepan and Elie, are garment workers, ardent supporters of the left.

The Roginskis and Guttmans occupy adjoining flats in an immigrant neighborhood. They grew never to tell their French-born offspring, Maurice and Zaza, of the nightmarish pogroms that drove them from Poland in 1921.

In 1939, the parents die in a train crash, thus, as Maurice puts it, escaping eventual deportation in cattle cars.

Simone Signoret, born Simone Kaminker in Wiesbaden, Germany (she took her mother's non-Jewish name), was raised in a bourgeois Paris suburb. Her past bears little resemblance to the history of the poor immigrants whose lives she traces from 1921 through the Nazi occupation of France during World War II.

"Adieu Volodia" is, nevertheless, filled with scenes from her life and that of her husband, the singer and actor Yves Montand.

"I described the joyous celebration of 'becoming French' and getting papers exactly the way it happened in Montand's family," she said, referring to Montand's immigrant Italian parents.



Novelist Signoret: "Writing fiction came naturally."

"The hours spent among non-French-speaking dressmakers being fitted for costumes and the shame I felt when my mother forced me to return a Japanese-made toothbrush during the war to a pharmacist who could have cared less—those are right out of my own life."

Signoret said her novel was the result of an inability to capture on paper the "essential truth of my experience. It was easier when I turned the 'I' into 'she.'"

The novel, 18 months in the making, was written from her country home in Normandy. "I kept bothering my family to read each chapter, never really sure whether I had a book or not," she said.

"One day, my neighbor, a dear lady who had been reading the manuscript in installments, told me that she would think about the Roginskis and the Guttmans during the

week. For her, they existed. That's when I knew I had a novel."

The Volodia of the title is a character in the novel, a cousin of the Guttmans whom they presumed dead. Volodia turns up in Paris but is whisked away by suspicious authorities before he can visit his family. Years later, the family learned he died in Siberia, circumstances unknown, soon after his Paris visit.

"This is exactly what happened with my cousin from Bratislava, who was not allowed to approach me," said Signoret. "It shows how carefully things are organized to make sure people don't find each other, meet and talk."

Signoret recently told a literary talk show host: "People are always amazed when an actor shows talent as a writer of fiction. But I've been throwing myself into fictional characters—creations of somebody else's imagination—all my life, so writing fiction came naturally."

## PEOPLE

## Hitler Yacht Sold for \$

The Ostwind, a yacht built for Adolf Hitler, has been sold for \$1 by a man who spent 12 years and \$178,000 trying to restore it. Horace Glass said he sold the 1939 vessel to Charles Sanderson, an engineer and developer from Plymouth, Massachusetts, who plans to put it in a military museum. "I'm losing everything I put into it," said Glass, who lives in New Hampshire. He invested \$131,000 of his money and \$47,000 from 20 investors from Jacksonville, Florida. Glass said failing health and financial problems prevented him from finishing the restoration. After the U.S. Navy seized the yacht it was used as a training vessel at the U.S. Naval Academy. Later it went through several owners until Glass bought it in 1971 for \$5,000.

Monaco is reviving the Monte Carlo ballet. Princess Caroline has announced in Paris. The Ballets Russes de Monte Carlo was founded in 1932 by Colonel de Basil to succeed Sergei Diaghilev's company, later Monte Carlo troupes included one run by the Marquis de Cuevas. A new permanent company is to be formed this summer under the direction of Ghislaine Thesmar and Pierre Lacotte. The opening performance is scheduled for Dec. 12.

Bob Hope was voted favorite entertainer on the 11th annual People's Choice Awards program. The comedian beat out Clint Eastwood and Frank Sinatra for the top award. Bill Cosby and his new television series captured four honors. The People's Choice Awards in film, TV and music are based on a survey of more than 5,000 people conducted by the Gallup organization. Cosby was named favorite male performer in a new TV series, and "The Cosby Show" won as top TV comedy and favorite new show. Cosby's co-star, Phylicia Ayer-Allen, and Angela Lansbury, star of "Murder, She Wrote," shared the award for favorite female performer in a new TV series. Other multiple award winners included the singers Barbara Mandrell and Prince, the actor Tom Selleck and Eddie Murphy and the actresses Linda Evans and Joan Collins.

Coke-Is-It is still Coke-Is-It, under an agreement reached with the

Coca-Cola Co., which held trademark on the advertising campaign. Frederick Koch chose a new name, his lawyer said. Is-It, 54, of West Brattleboro, Vermont, said he was not going to change his name to Coke-Is-It. He said he was not going to change his name to Coke-Is-It. He said he was not going to change his name to Coke-Is-It.

A British appeals court has said Baron Hans Heinrich Thyssen, one of Europe's wealthiest men, can keep the details of his secret life. The judge, Sir Hugh Griffiths, said Thyssen had enough money to live in luxury, but not enough to live in a court case. Thyssen, 44, had a disclosure of the baron's wealth in a court case in June during which the couple's property was valued. They were divorced Nov. 1983. Thyssen, 63, a leading art collector, has said he is worth at least £1 billion (about \$430 million). Thyssen has estimated his wealth more than £1 billion. The baron's wife would not get a cent of the higher reward even if he gave her. Thyssen's lawyer, John Johnson, said that, apart from the baron's art collection, his property was worth £8.7 million.

Sarah Caldwell, artistic director of the Boston Opera Company, has been released from a hospital after a long bout with double pneumonia, and plans to go to Florida to recuperate. Caldwell, 61, has been in the hospital since last November. She was released Jan. 3. The opera company canceled its winter season of performances.

## ANNOUNCEMENTS

## TROPICAL WATERFRONT

private in exclusive location in the heart of the city. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

116 N. Saint Joseph, Alexandria, VA 22314. Tel. (703) 549-5276.

WHO SAYS THERE'S NOTHING FUN HAPPENING SINCE THE BUNCH AND DINNER AT HOLLYWOOD SAVOY? Special show 8 P.M. to 11 P.M. by popular dancer, 44 yrs. old, D. de Victoria. 73007 Paris. Tel. 236 16 73.

QUALITY SUMMER CAMPS/CLASSES for children and adults. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

ISRAELI BUSINESS NEWS. Fractional office for sale. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

INTERVIEW FRENCH COURTESY. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

SCULPTOR OF VISUALITY. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

ALCOHOLIC ANONYMOUS. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

EXCELLENT FAMILY. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

PARIS ON THE RUN. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

PERSONALS. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

NOVELTY. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

MAIL TODAY • WIN TOMORROW • MAIL TODAY • WIN

## MOVING

## ALLIED

VAN LINES INT'L. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

PARIS. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

MUNICH. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

LONDON. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

BRUSSELS. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

CAIRO. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

USA. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

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CONTEMP. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

MAIL TODAY • WIN TOMORROW • MAIL TODAY • WIN

## MOVING

## INTERDEAN

WHO USE FOR YOUR NEXT INTERNATIONAL MOVE. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

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MAIL TODAY • WIN TOMORROW • MAIL TODAY • WIN

## INTERNATIONAL CLASSIFIED

## REAL ESTATE

## FOR SALE

## FRENCH PROVINCES

ST. TROPEZ. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

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## REAL ESTATE

## FOR SALE

## ITALY

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## REAL ESTATE

## FOR SALE

## GREAT BRITAIN

PORTO CERVO. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft. of sun. 100 ft. of moon. 100 ft. of stars. 100 ft. of everything.

PARIS. 100 ft. of beach. 100 ft. of water. 100 ft. of land. 100 ft. of air. 100 ft.